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**The relationship between the early New Zealand Labour Party and
Socialism
1900 - 1935**

A thesis
submitted in partial fulfilment
of the requirements for the degree of
Doctor of Philosophy

at
Lincoln University
by
Quentin Findlay

Lincoln University
2019

Abstract of a thesis submitted in partial fulfilment of the
requirements for the degree of Doctor of Philosophy

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1900 - 1935

by
Quentin Findlay

Abstract: The New Zealand Labour Party had a stated objective of the socialisation of the means of production, distribution and exchange or as popularly stated, socialism. However, the definition of the term differed between individuals or groups due to the many variations of socialism. This thesis seeks to examine the relationship of socialism to the Labour party, by exploring its development and relationship with political labour and its later influence upon policy development in the NZLP after that party's official establishment in 1916 until it became Government in 1935.

Keywords: New Zealand Labour Party, socialism, labour movement, politics

Acknowledgements

I would like to acknowledge the help provided to me by my friends, who have persevered through this project with me; Mark Baxter, Fiona Bowker, Carol Nelson, Dave and Cathy Taylor, Chris Ford, John Kerr and Chris Trotter. I, additionally want to acknowledge my work colleagues and my comrades in the labour movement and, my supervisors, Bob Gidlow and Greg Ryan.

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Introduction: The Relationship between the NZLP and Socialism

Labour's Path to Socialism

This thesis is about the relationship between socialism and the New Zealand Labour Party (NZLP). While, it might appear that the relationship between both Labour and socialism are analogous, this point of view rests on a number of misconceptions about the nature of socialism and its relationship with the Party. The history of the British Labour Party is replete with books and articles examining that Party's philosophical and programmatical development from 1900 until the present. There are a number of books which deal with the British Labour Party's relationship with socialism. In contrast, literature on the development of the New Zealand Labour Party is sparse. Most of the popular books dealing with the subject (Gustafson, Brown) were written in the 1960s and 70s.¹ Snippets of information dealing with the party's development are also contained within the various biographies of the major participants (Savage, Nash, Fraser, Lee etc). Further, the official histories of the party and those details in the bibliographies tend to be narratives dealing with dates and events until Labour became Government in 1935.

As a result, discussions about the Labour Party and its relationship to, and with, socialism are generalised. It is simply taken at face value what is meant by socialism when Gustafson declares in his book, *Labour's Path to Political Independence: 1900 – 1919* that the Labour Party was committed to an objective of socialisation at its formation;² or when Peter Fraser announced to an audience in 1920 that the NZLP was as socialist as any other socialist party;³ or, when Bruce Brown quotes Robert 'Bob' Semple, who was the NZLP President at the Party's 1927 Conference as claiming; "Whilst policies may change and methods may differ, our goal – Socialism – is always the star to which we hitch our wagon".⁴ While Labour's commitment to socialism is beyond doubt, there is no indication given as to what the Party meant by the term or how socialism affected its programme.

Even Labour's own supporters and members tended to be vague as to what the Party stood for. In his biography, *An Outsider looks Back*, Ormond Wilson, who was a backbench Labour MP from 1935 until 1938, remarks that;

Consciously or unconsciously, Marxian dogma was a dominating influence underlying Labour's policy in the thirties. While we saw the pump priming function of injecting money into the economy by way of higher wages and guaranteed prices as the immediate priority, we shared a gut feeling that the basic task of a Labour government was to defend the workers against their exploiters.⁵

¹ The two principle works are: B Gustafson, *Labour's Path to Political Independence. The Origins and Establishment of the New Zealand Labour Party 1900 - 1919* (Auckland, New Zealand: Auckland University Press, 1980). and; B Brown, *The Rise of New Zealand Labour. A History of the New Zealand Labour Party from 1916 - 1919* (Wellington, New Zealand: Price Milburn, 1962).

² Gustafson, *Labour's Path to Political Independence*. pg. 93.

³ "New Zealand Labour Party. Mr Fraser Replies to His Critics," *Maoriland Worker*, August 11, 1920.

⁴ B Brown, *The Rise of New Zealand Labour. A History of the New Zealand Labour Party from 1916 - 1919* (Wellington, New Zealand: Price Milburn, 1962). pg. 90.

⁵ O Wilson, *An Outsider Looks Back* (Wellington, New Zealand: Port Nicholson Press, 1981). pg. 63.

Wilson's comment is misrepresentative. While Labour was certainly about "defending the workers against their exploiters," when one examines the history of the New Zealand Labour Party (NZLP) it is evident that the nucleus of Labour's socialist vision consisted of moral and ethical outrage against capitalist society rather than a stylised Marxian programme or strategy.

The New Zealand Labour Party and its relationship to Socialism

While there were Marxists within the NZLP, there were also a multitude of other party members who subscribed to a variety of socialist and progressive beliefs. As Labour's leader, Henry Edmund "Harry" Holland acknowledged during a debate in the House of Representatives in 1924 regarding Labour's socialist philosophy;

Of course many members of the Labour Party – I am not now referring to the members in Parliament, but to the general membership of the Party – accept the Marxist philosophy, and many of them do not. There are different schools of thought in the Labour Party.⁶

The NZLP attracted a number of different socialist and progressive proponents. These ranged from those who subscribed to Marx, to others who were motivated to socialism as a consequence of their Christian upbringing. The Christian socialists saw the socialist state as an extension of the teachings of Christ. Other Labour supporters were merely looking for more radical and progressive versions of the programmes put in place by the Balance and Seddon Liberal administrations from 1891 – 1906. Still others, particularly those in the trade union movement, merely wanted a society where workers were treated to a fairer deal.

The Labour party needed to mould these distinctive beliefs together and it did so by preaching and practising what can best be described as 'ethical socialism'. Socialism for Labour was not a scientific philosophy, as it was envisaged by Marx and the Marxists, or a programme of graduated reform toward a paternalistic socialist state as envisaged by the Fabians, but an ethical crusade to transform society and make it fairer and more inclusive for workers. 'Ethical socialism' brought together the diverse ideals and programmes of Labour's supporters and provided them with an assurance that the Party would right the various wrongs of existing capitalist society.

Paul Foote notes that while it is easy to mock the naiveté of ethical socialism, it nonetheless, provided Labour politicians with a rallying vision both in New Zealand and in the United Kingdom;

Th[e] naiveté was important, because it was to reverberate in the hopes and aspirations of the labour movement. Its conception of a society of healthy and happy families living in a New Jerusalem ... [i]ts moralistic critique of the corruption and degradation of a competitive society was to be at the heart of British socialism.⁷

⁶ "Anti-Socialism in Parliament," *The New Zealand Worker*, August 20, 1924.

⁷ G Foote, *The Labour Party's Political Thought - A History*, vol. 2 (Beckenham, England: Croom Helm Limited, 1986). pg. 37

Ethical socialism did not offer a definitive programme. As Foote notes it provided incapable of providing an answer to mass unemployment, budget deficits or other practical problems.⁸ As such it proved incapable of delivering the type of world that Labour's representatives promised. This failing became apparent as the 1920s progressed and the NZLP's utopian message was found to be increasingly wanting in the face of political and economic realities. However, in the formative years of its existence it provided the Party with a vision by which Labour's supporters could challenge the numerous injustices of capitalism.

Socialism and the Socialisation Objective

This ambiguity over the definition of socialism is particularly evident in the adoption of the socialisation objective in 1916. The objective of the "socialisation of the means of production, distribution and exchange" should be seen less as a militant call to arms and more as a means of placating the various factions within the new Party. The various issues between the "militants" and "moderates" or the left and the right of the political labour movement had caused considerable dissention in the past. By 1916, it was determined that these should not cause dissention in the future.

However, as we discussed previously, what socialism actually meant to the Party continued to raise debate among Labour's representatives, its members and, even, its opponents. The first Chairman of the Labour Party, Alfred Hindmarsh declared himself as a socialist, but for Hindmarsh socialism was an inclusive ideology which sought the cooperation of all classes. Economic and social injustice would be eliminated in Hindmarsh's socialist society through wide spread public ownership.⁹ This socialist vision was at some variance with that of Holland. For Holland, socialism would be achieved only when the workers had complete control of the means of production and distribution and exchange.¹⁰ The argument about what constituted socialism was not limited to the New Zealand, it was wide spread and polarised the socialist movement, particularly after 1917. The early American socialist, Jessie Wallace Hughan remarked that this divergence within socialism had given rise to "the saying that Socialists are of "57 varieties".¹¹

Consequently, the inclusion by the NZLP of the socialisation objective should be seen less as a political victory by the left and more, like the party's unofficial adoption of "ethical socialism," as a means by which various and opposing socialist philosophies could be reconciled. The British Labour Party adopted the 'common ownership' Clause IV in 1918 for much the same reason. The Clause was a means of placating both the left and right of that Party.¹² As Keith Laybourn remarks in his book on the centenary of the British Labour Party;

...the vagueness of Clause IV allowed it to act as a unifying force within the Labour Party. The various labour and socialist organisations which accreted to the Labour Party exhibited widely different views about socialism and war. Some organisations favoured a type of workers'

⁸ Ibid. pg. 37

⁹ New Zealand Government, *New Zealand Parliamentary Debates*, vol. 159 (Wellington, New Zealand: Government Printer, 1912). pg. 336.

¹⁰ *New Zealand Parliamentary Debates*, vol. 182. pg. 92.

¹¹ J Hughan, *The Facts of Socialism* (London, England: The Bodley Head, 1912). pg. 12.

¹² K Laybourn, *A Century of Labour* (Stroud, England: Sutton Publishing, 2000). pg. 32.

control while others wished for an extensive version of nationalization.¹³

A similar situation existed in the NZLP. An objective which defined socialism as workers' control, which was a common objective in European Social Democratic parties, would have alienated the right. Alternatively, a definition which excluded the concept of workers' control would have alienated the left. Therefore, an objective which promoted the vaguer concept of 'socialisation' allowed those NZLP members who believed in workers' control to co-exist with those who perceived socialism as being merely an extension of state control and public ownership. Far from being estranging, the socialisation objective was a panacea to the NZLP in its formative years.

A Party of Ideological Contradictions

While seemingly united, the NZLP was a party of ideological contradictions. For some, the NZLP was a party of unionism and practical reform. Yet, it was also a political organisation promoting a radical socialist ideology, which sought to fundamentally change the structure and nature of society. As Holland informed the House of Representatives, the Party was seeking a society in which a "man's worth would be proved by his work rather than by his wealth".¹⁴ This contradiction is most evident when one examines what Party members thought that it should do to realize a socialist society once it had achieved Government. Among some socialists within the Party there appeared to be an idealised and fanciful belief that once Labour formed a Government it should immediately legislate against capitalism, thereby instantly resolving the situation. To others, socialism would be achieved as a result of a systematic and gradual programme of policy changes which would take place over a number of years. The result of these changes would be the subversion of capitalism and the establishment of a socialist society. It is doubtful as to whether any of these strategies would have met with the approval of Karl Marx.

Socialism through Constitutional and Educational Reform

The NZLP was convinced that if it was to achieve its crusading aims it would be through the parliamentary process and via education and persuasion. The defeats of industrial labour in 1890 and then, again, in 1913 demonstrated to the majority of New Zealand's socialists that the changes they sought would only be achieved through the use of the parliamentary process and democratic procedure rather than revolutionary action.¹⁵ The electoral successes of international Labour and Social Democratic parties further accentuated this perspective. With the establishment and growth of the Communists after 1918, Labour came to increasingly emphasize the parliamentary or democratic route to socialism (democratic socialism) as against the vanguardist or Soviet inspired version.

¹³ Ibid. pg. 32

¹⁴ *New Zealand Parliamentary Debates*, vol. 183 (Wellington: Government Printer, 1919).pg. 92

¹⁵ *New Zealand Parliamentary Debates*, vol. 183. pg. 98. Holland was committed to parliamentarianism and the electoral process noting in his maiden speech that; "The fact remains that here in New Zealand, as in most other British-speaking countries, we have learned to use the political machine – we have learned to look upon the political method as the method of liberty, as a constitutional right fought for through long centuries and at last won by the people ...".

Initially, Labour sought an increased role for workers in the economic and social spheres and radical electoral participation through a combination of direct and indirect democratic frameworks. If Labour had been elected to Government in 1922, its socialist programme would have meant large scale public ownership and direct parliamentary control of industries. Although, stopping short of direct democracy, Labour championed the idea of radical electoral reform not only promoting Proportional Representation but, of electoral recall of MPs, and binding referenda. Worker's wages and social provision would be expanded and increased for people.¹⁶

Labour separates from Socialism

Yet, throughout the 1920s and 1930s socialism in any form lost its predominant role as a defining and guiding objective for the Party. While, the Party retained its desire to achieve a more equal and fairer system remained, socialism was not necessarily the means by which this could be achieved. As James McCombs observed Labour's policies could be achieved without the overthrow of capitalism.¹⁷ Increasingly, Labour's parliamentary spokespeople came to tout economic regulation and social security as being able to achieve desirable economic outcomes for workers without resorting to radical programmes. When the NZLP did mention socialisation, which was rarely, the term was dictated by the party's manifesto. Socialism did not define the NZLP, rather the party defined socialism.

The redefinition of socialisation additionally meant that the NZLP could more effectively counter the accusations of capital that it was merely a fifth column for the Bolsheviks. Since the 1917 Russian Revolution Labour had been prone to (sometimes hysterical) criticism from its political opponents that it sought to pursue a soviet style programme in Government.¹⁸ As the ideology emanating from the USSR increasingly dominated socialist thought and practices, the Party sought to distance and distinguish itself from soviet socialism and promote its own programme. Although, socialisation remained the objective of the NZLP, the Party appeared to become embarrassed by the term. By 1935, the phrase or any reference to socialism did not appear at all in the Party's official literature. When the Party did mention socialism, it came to emphasise the NZLP's commitment to public ownership and regulation and increased social security and provision.

Outline of Thesis

The thesis consists of eight chapters and a final conclusion which deal with the development of the NZLP's socialist thought, practice and programme until 1935. The thesis examines the manner in which socialism developed prior to the establishment of the party. It then examines the NZLP's parliamentary road to socialism and how the socialist objective was advanced by the Party in its programme from its first election in 1919. The latter chapters examine the retreat from a socialist prescription by the Party in the late 1920s and 1930s and its adoption of 'enlightened capitalism' as a guiding economic and social tenet.

Chapter One: The Development of Progressive Politics in New Zealand

¹⁶ "The Labor Party Stands For," *Maoriland Worker*, November 22, 1922. pg. 10

¹⁷ *New Zealand Parliamentary Debates*, vol. 213. pg. 861.

¹⁸ Reform Party, "Will You Stand for This?," *The Auckland Star*, October 19, 1925. pg. 13.

This chapter provides a brief examination of the political and economic development of New Zealand in the years up to first decade of the twentieth century in which the New Zealand Government and the nascent state apparatus played an increasingly central role as active participants.

Chapter Two: Labour Strikes out Alone: The Establishment of Labour and Socialist Parties

This chapter discusses the development of the various labour and socialist parties from the first decade of the twentieth century until the beginning of the First World War. It was during this period that 'political' labour broke away from the governing Liberal Party. Labour's independence was marked by hostility and antagonism with different groups competing for working class loyalty and votes.

Chapter Three: The Journey to the Holy City

This Chapter will examine the NZLP's political theoretical relationship with socialism (or the variations of socialist thought immediately prior to, and after, World War One. It will offer a brief precis of socialist thought and practice at that time and seek to locate New Zealand's socialist tradition within that lineage.

Chapter Four: The Formation of the Parliamentary Labour Caucus and the Labour Party

This chapter will examine the formation of the new party and the composition of its new parliamentary caucus. In comparison to the extra-parliamentary party, the NZLP caucus were not motivated by the desire to pursue a radical socialist alternative to capitalism. They preferred a more moderate liberal-labour approach to the NZLP's objective and policy.

Chapter Four: Radicals and Moderates: Radicals, Syndicalists and the Labour party

In the years after its formation, the NZLP was the object of the attention of various radicals and revolutionists. A number of these individuals and groups were either involved directly in the Party as full fee paying members or they were involved in various labour organisations within the wider labour movement. The philosophy of the groups tended to vary. The radicals within the Party wanted the NZLP to be socialistic in its philosophy and methods, whilst those outside of the NZLP were critical of the Party's commitment to parliamentarism and reformism. This chapter provides a brief overview of the arguments and objectives of these organisations compared with the NZLP in the early 1920s.

Chapter Five: Red Obstacles on the Parliamentary Road to Socialism.

This chapter will examine the means by which the NZLP's political opponents accentuated and manipulated the relationship between Labour and revolutionary socialism and the NZLP's rejection of the Bolsheviks socialist brand and promote its own parliamentary socialism.

Chapter Six: The Constitutional Road to Socialism: Electoral Reform and the NZLP

Having rejected the revolutionary socialist ethos of the Bolsheviks, this chapter will examine how Labour used electoral and constitutional reform to achieve the parliamentary road to socialism. The Party believed that electoral participation needed to be inclusive, participatory and representative. This chapter will examine the four most notable of the Party's constitutional planks by which it would achieve these ideals - the *Recall*, the *Initiative*, the *Referenda* and *Proportional Representation* (PR). It will examine what success it had in

achieving these policies, whether the reforms were as socialist as the Party suggested, and what effect the success or failure of these policies had on the NZLP's overall socialist programme and objective.

Chapter Seven: The Sugar Kings: A Tale of Sugar, Trade and 'Profiteering Brigands'

This chapter will examine the Colonial Sugar Refinery issue and the proposed imposition of a protective duty. It will briefly examine the Labour Party's arguments against the imposition of a duty and its arguments for the nationalisation (state ownership) of the refinery. Subsequently this example will be used to discuss how Labour's proposed solutions and policies reflected the Party's overall programmatic and ideological approach in this period and how they demonstrated a structural weakness in the NZLP's policy and programme.

Chapter Eight: Enlightened Capitalism: Labour's Economic Platform.

This chapter examines the NZLP's reaction to the changing political and economic circumstances which occurred during the late 1920s and early 1930s. The 1930s proved to be the end of a period of political re-alignment for the NZLP. During this time the Party had substantially modified its socialisation objective and its platform. 'Enlightened capitalism' became associated with the economic practice of Keynesianism which was named after the British liberal economist, JM Keynes. Keynesianism gave coherence and a purpose to the NZLP's disparate policies, which only had in common a commitment to distributive justice.

Chapter Nine: Conclusion: The Elusive Red Dawn.

The thesis concludes that while the Labour Party had a number of platform planks and, although these became more complex throughout the 1920s, there was no overall strategy of how an economy could practically function under a Labour Government. Labour's vision of socialism never offered a practical programme as to how a socialist society might be constructed.

Note on Terminology

This thesis uses various different designations in relation to the New Zealand Labour Party. The word 'labour' is used in lower case to describe those independent labour MPs and their respective parties prior to the formation of the NZLP in 1916. A lower case labour is also used in reference to the labour movement. After 1916, the words Labour, Labour Party and NZLP are used. Additionally, until 1924 it was common to use the American spelling "Labor". After that date the Party and its publications, used the UK version, Labour. I have tried to use the UK version except in those instances where there has been a direct quote used from a newspaper report or speech.

Literature

When I commenced this thesis it was assumed that I would have access to a wide variety of original papers and documents. However, the opposite has proven to be true. Documentation and papers have been scant and when they do exist they have been used previously in other works on the NZLP. Correspondence with the New Zealand Labour Party showed that the Party did not hold any of its original books or papers from this period, aside from some NZLP Conference reports from the 1920s. Most of the Party's early documentation was held by the Alexander Turnbull Library and National Archives. Some original documentation such as minute books which related to the NZLP and its

predecessors in Christchurch was held in the library of the Christchurch Trade Union Centre. Regrettably, the TUC and its library were victims to the 2011 Christchurch earthquakes.

Where possible I used primary sources for information such as the remaining New Zealand Labour Party Parliamentary Caucus minutes and Minutes from the New Zealand Labour Executive and Conferences. Also accessed were the various manuscripts housed in the Alistair Turnbull Library and National Archives belonging to HE Holland, MJ Savage, J McCombs, R Mason and W Nash. The Hocken Library in Dunedin provided the JT Paul papers.

Also used in the thesis were the generous notes and articles compiled by PJ O'Farrell for his research on H E Holland. O'Farrell's papers contained copies of NZLP minutes, conference reports and various pieces of correspondence.

However, regrettably much of the information used in this thesis has been gleaned from secondary sources. Notably, New Zealand Parliamentary Debates (NZPD), the Maoriland Worker (MW) from 1912 until 1924 and, the New Zealand Worker between 1924 and 1933 and the various biographies of Savage, Fraser, Nash, Lee, Nordmeyer, Wilson, Coates and Ward. Also used were the two principal works for NZLP history, Barry Gustafson's 1981 book, *Labour's Path to Political Independence* and Bruce Brown's, *The Rise of New Zealand Labour*. Additionally, a range of general books, newspapers and pamphlets related to the topic has been referenced.

Chapter One: The Development of Progressive Politics in New Zealand

Introduction

The purpose of this chapter is to provide a brief examination of the practical development of New Zealand in the years up to first decade of the twentieth century in which the New Zealand Government and the nascent state apparatus became an active participant. I will argue that the use of the state as a means to develop New Zealand's economic and industrial infrastructure and its role in alleviating social and industrial inequality led to it being accepted by both socialists and liberals as an enlightened force. The increasing use by Government of the state to achieve practical reforms and programmes on behalf of labour had a significant and long term impact on the programmes and policies which were espoused by the New Zealand Liberal party and later by labour parties. Practical policies and programmes were the basis of the philosophical and political development of independent socialist and labour organisations in New Zealand in the early twentieth century. For labour, the state's role in delivering better economic and social outcomes was not just an ideological abstraction, it was a practical reality. Consequently, the state became a central philosophical and practical component of political labour's programmes during this period.

Colony into Dominion - The Increasing Role of the State in New Zealand's Economic and Industrial Development

New Zealand Governments had started to experiment with state-led economic and industrial development in the 1850s and 60s. However, while various public institutions such as the Government Life Insurance Office, the Post Office Savings Bank and the Department of Public Works had been created, New Zealand's infrastructure remained largely embryonic until the 1870s.¹⁹ This was due to a combination of factors but principally to a lack of capitalisation, competing private interests and the conflict between the different levels of Government. As the conservative William Downie Stewart and the American academic, James Edward Le Rossignol commented in their 1910 book, *State Socialism in New Zealand*, the responsibility for the colony's economic development in this period lay in the hands of private interests and outside of the domain of New Zealand's central government.

The Government was largely controlled by the squatters and, other well-to-do people and the various government undertakings were designed chiefly for their benefit and not primarily for the good of the poorer classes²⁰

Until 1876, New Zealand operated a semi-federal system of government. The colony was administered by a combination of central and provincial governments. While central government was located in Wellington, the provinces had their own local governments which were based in the various provincial centres.²¹ It was to provincial government that the

¹⁹ William Downie-Stewart and James Edward Le Rossignol, *State Socialism in New Zealand* (New York, United States of America: T.Y. Crowell & Company, 1910). pgs. 3-4.

²⁰ Ibid. pg. 5.

²¹ J O Wilson, *New Zealand Parliamentary Record 1840 - 1984* (Wellington, New Zealand: Government Printer, 1985). pg. 32

development of economic and social infrastructure largely fell. Provincial governments administered roads, maintained schools and hospitals. They even had their own police forces.²² The political constitution of the colony combined with the administration of various provincial institutions and infrastructure, meant that the provincial councils enacted their own legislation, although this was subject to the authority of central government.²³

However, as the colony developed, a feeling became to be more openly expressed by supporters of central government, (who were provided with the label Centralists) that the provincial governments (who were described as Provincialists or anti-Centralists) were largely involved in self-interested 'pork barrel' politics.²⁴ The financial indebtedness of a number of the Provincial governments further impeded the central government's ability to progress the country's development. Josiah Clinton Firth, the Member of Parliament for Auckland City, succinctly put forward this opinion in a letter to the *New Zealand Herald* in 1875:

In the provinces destitute of land funds the system is dying of inanition. In the provinces with large land funds it has developed into a wasteful Centralism of a very narrow and selfish type. Provincialism has fostered a mean provincial jealousy, greatly subversive of the true interests of the colonists. The presence of the Superintendents and their henchmen in the House has created a system of log-rolling and intrigue which, so long as the Provincial system continues, will render good government well-nigh impossible.²⁵

The Centralists argued that as a result of these impediments it was impossible to construct a comprehensive and nationwide system of infrastructure, such as roads and railways, to improve the condition of the colony. Firth, and a majority of his colleagues, asserted that only dramatic intervention by central Government would secure the 'peace, order and good government' of the colony.²⁶

Julius Vogel, the colony's Treasurer and, later its Premier, was determined to foster industrial and economic development. Vogel believed that centralised state investment would allow the colony to economically develop.²⁷ So, in 1870 Vogel convinced the Fox administration, in which he was the Treasurer, and then Parliament to approve a £10 million loan to undertake massive public works.²⁸ Aided by the newly created Department of Public Works, Vogel's programme intended to develop roads, a national railway system and public works to nurture New Zealand's fledgling agricultural and industrial sectors.²⁹ Yet, despite this programme, comprehensive infrastructural development remained difficult. The establishment of a

²² Downie-Stewart and Le Rossignol, *State Socialism in New Zealand*. pg. 3.

²³ Ibid. pg. 3

²⁴ *New Zealand Parliamentary Debates*, vol. 17. pg. 218 – 222. See also; J Hight and H Bamford, *Constitutional History and Law of New Zealand* (Christchurch, New Zealand: Whitcombe and Tombs, 1914). pg. 270.

²⁵ J.C Firth, "Abolition," *New Zealand Herald*, August 21, 1875. pg.1.

²⁶ Ibid. pg.1.

²⁷ M King, *The Penguin History of New Zealand* (Auckland, New Zealand: Penguin Books (NZ) Ltd, 2003). pg. 228.

²⁸ Ibid. pg. 229.

²⁹ *New Zealand Parliamentary Debates*, vol. 17. pg. 131.

national rail network for instance, was deemed to be near to impossible as a consequence of various issues with private concerns and the provincial governments.³⁰

In 1876 provincial governments were abolished and central Government strengthened, removing this major obstacle to progress. With public works now unencumbered by the provinces, infrastructural development was significantly expanded.³¹ Railways were a primarily example of the improvement brought about the new state of affairs. Private rail owners, who had been opposed to the development of state railways succumbed as increasing costs made their railway lines uneconomic. Eventually, all private railways were integrated into the government-run rail system. In 1908, New Zealand Prime Minister Joseph Ward moved that the last private railway in New Zealand, the Manawatu Railway, be taken into state ownership. He was supported by the opposition Reform party leader, William Massey, who merely observed that "... it is quite time."³² Thirty three years after Vogel's Government, the state had achieved complete dominance over New Zealand's rail infrastructure.³³

Industrial Development and Unions

State infrastructural development allowed industrial development to occur and by the 1880s New Zealand had started to undergo significant industrialisation in its urban and rural sectors. Such industrialisation required employees and, as a consequence of the different form of employment relationship required in factories and workshops compared with those on the farm, an urban based mass industrial working class came into existence.³⁴ However, along with industrialisation arose concerns about employment and social conditions in the growing colony's factories and cities. Industrial growth had led to allegations of labour being taken advantage of by unscrupulous employers.³⁵ Increasingly, there were stories of workers being 'sweated' in factories. The issue of sweated labour, or having workers, particularly women workers, employed in crowded, unsafe factories for little pay, was taken up by various newspapers, organisations and prominent campaigning individuals.³⁶

The radical Dunedin Reverend Rutherford Waddell was one such individual and he addressed a sermon to his parishioners entitled 'The Sin of Cheapness' about the poor conditions in the Dunedin garment industry. Waddell accused the factory owners of profiting from their employees' misery.³⁷ Extracts from the sermon along with the findings of its own investigations into the matter, were published in the *Otago Daily Times* (ODT).³⁸ The resulting

³⁰ *New Zealand Parliamentary Debates*, vol. 9. pg. 544. During a debate to announce the extension of railway lines in the South Island, Vogel was opposed by a small number of MPs. He lamented their opposition remarking that it was clear to him that "...no Government will ever be able to satisfy the greediness-shall I call it, the impatience of honourable members."

³¹ King, *The Penguin History of New Zealand*. pg. 231.

³² *New Zealand Parliamentary Debates*, vol. 144. pg. 200.

³³ *New Zealand Parliamentary Debates*, vol. 14. pg. 356.

³⁴ W P Morrell and D O Hall, *A History of New Zealand Life* (Christchurch, New Zealand: Whitcombe and Tombs, 1957). pg. 169 – 170.

³⁵ *Ibid.* pg. 170.

³⁶ W P Reeves, *State Experiments in Australia and New Zealand*, vol. 2, 2 vols. (London, England: George Allen & Unwin Ltd, 1902). pg. 30.

³⁷ "The Sweating System," *Otago Daily Times*, October 20, 1888. pg. 3.

³⁸ *Ibid.* pg. 3.

public outcry was embarrassing for both the Government and employers and led to the establishment of a Royal Commission to investigate the various allegations of sweating. The Commission issued its report in May 1890. While the Commission found that the sweating system was not in operation in New Zealand, it did find serious deficiencies in the conditions within factories and recommended changes to legislation governing the condition of labour be made.³⁹

One of the outcomes of the appalling conditions within the garment industry was the establishment of the Dunedin Tailoresses' Union (DTU). Its establishment was a reflection of increased working class militancy in this period which saw the development of a number of other unions and working class organisations.⁴⁰ Similar to the United Kingdom, skilled workers and tradesmen had already established their own specialised craft unions and associations.⁴¹ Now unskilled workers were forming unions in the factories, shops, the railways, in the mines and on the wharves to protect and further their conditions.

New Zealand's Political Development

The alleviation of capitalist exploitation in industry also required a larger role to be played by the state. Additional legislation and regulations were introduced to curb the excesses of employers and to ensure better working conditions and rights for workers. Hand in hand with the positive influence of state development was a belief in the ability of parliament and governments to enact progressive legislative change. Such a belief was partially a reflection of the country's liberal electoral franchise. By the end of the nineteenth century, New Zealand had developed a far more democratic and representative system than a number of other developed capitalist nations.⁴² Initially, New Zealand's parliamentary and electoral system was similar to that of the United Kingdom. The 1852 New Zealand Constitution Act had provided the colony with a two-tier parliamentary system (a lower House of Representatives and an unelected appointed Upper House or Executive Council). The Act also prescribed a voting system which was limited to males over the age of 21 who owned property worth £50 or over.⁴³ However, substantive changes began to occur mere decades after its establishment.

In 1867, during the New Zealand Wars, the Crown established the four Maori seats (Northern, Southern, Eastern and Western Maori) in which all Maori men were provided with the right to vote.⁴⁴ In 1879, further improvements to electoral law saw all males over the age of 21

³⁹ "The Sweating Commission. Publication of Report," *New Zealand Herald*, May 19, 1890. pg.11.

⁴⁰ Morrell and Hall, *HNZL*. pg. 169.

⁴¹ *Ibid.* pg. 169 – 170.

⁴² "Bills Passed," *Evening Post*, November 6, 1919. pg. 3. While women were able to vote after 1893, they were unable to stand for parliamentary office. The Bill providing women with the right to stand for election for the Lower House (House of Representatives) was finally enacted in 1919.

⁴³ A H McIntock, *Crown Colony Government in New Zealand* (Wellington, New Zealand: Government Printer, 1958). pg. 345. McIntock provides the full version of the 1852 Constitution Act of New Zealand without any amendments in the Appendix to this book. pg. 419. See also; New Zealand Government, "The Constitution and Government of New Zealand: Being a Compilation of Acts and Instruments" (Wellington, New Zealand: Government Printer, 1896). pg. 2. This version is amended.

⁴⁴ W Badger, 1842 - 84. *The Statutes of New Zealand: Being the Whole Law of New Zealand Public and General*, vol. 1 (Christchurch, New Zealand: Lyttelton Times Company, 1885). pg. 203

becoming eligible to vote, regardless of how much property they possessed.⁴⁵ In 1893 women gained the vote,⁴⁶ much to the personal chagrin of Prime Minister Richard “King Dick” Seddon.⁴⁷ As a consequence, by 1900 the majority of New Zealand adults over the age of 21 could vote. Subsequently, the country was largely spared the unrest that erupted in the United Kingdom or the United States of America concerning the providing of the vote to the poor, ethnic minorities and women.

While New Zealand might have a structured and liberal electoral system which was ahead of that of the United Kingdom, its parliamentary politics was far less structured. Unlike the United Kingdom there were no official political parties represented in New Zealand’s parliament. New Zealand’s Parliament was highly individualistic and predominantly based on private interests and personalities from 1851 to 1890. As a result, parliamentary debate was focused around narrow sectional interests and individualistic arguments with MPs frequently defecting from the opposition to government. Yet, despite this supposedly fluid situation, there was a substantial element of stability, as governments between the 1860s and 1890s tended to be comprised of many of the same MPs who shuffled their cabinet positions. This situation led to accusations that New Zealand was administered by a ‘continuous ministry’ which, as the *New Zealand Herald* observed, hindered the “growing desire to see new men and new ideas have an innings.”⁴⁸

It is, as we have often pointed out, supremely ridiculous for the present Government to revile their predecessors as the ‘continuous Ministry,’ a name specially given by Sir Julius Vogel to a former combination of his own, of which no fewer than three members are in the present administration (Sir J. Vogel, Mr. Richardson, and Mr. Reynolds), whereas there was only one, Major Atkinson himself, in the late Ministry. The present Government is therefore to all intents and purposes the “continuous Ministry” renewed.⁴⁹

Informal groups which portrayed themselves as ‘parties’ did occasionally establish themselves in the Parliament. In the late 1870s, during the premiership of Sir George Grey, a parliamentary group which called itself the “Liberal Party” was formed.⁵⁰ In reality this “party” consisted of a group of parliamentarians who were drawn together around Grey’s colourful and autocratic figure. The disparate nature of this grouping meant that it could not and did not survive Grey’s removal as the “party’s” leader and the colony’s Premier in 1879.⁵¹ While the Grey “Liberal Party” may not have achieved the great programmes to which Grey aspired,

⁴⁵ Ibid. pg. 885.

⁴⁶ “Women’s Franchise,” *The Press*, September 23, 1893. pg.9.

⁴⁷ “Women’s Franchise,” *The Press*, September 20, 1893, sec. Editorial. pg.4.

⁴⁸ “The Coming Men,” *New Zealand Herald*, August 9, 1887. pg.5.

⁴⁹ Ibid. pg.5.

⁵⁰ J Rutherford, “Sir George Grey. A Study in Colonial Government” (London, England: Cassell and Company, Ltd., 1961). pg. 598.

⁵¹ “Editorial. Resurrexi,” *The Evening Star*, October 25, 1879. pg. 2. On hearing reports that Grey was being asked by some MPs to resume leadership of the Liberal Party, the editorial writer observed that: ‘As soon as Sir George Grey stepped from his high position and appeared as one of the rank and file, the spine of the Liberal party was injured—its adhesiveness departed, and a well organised, clearly defined party degenerated into a rabble driven hither and thither like a flock of sheep. We have no hesitation in saying that Sir George Grey at the head of the Liberal party is the right man in the right place, and we will hail with feelings of the greatest satisfaction the confirmation of the rumour we publish to-day.’

it did, nonetheless, provide political inspiration for several younger liberal parliamentarians, particularly John Ballance and Robert Stout.⁵²

The individualistic nature of parliamentary politics was to change in the last decades of the nineteenth century as a consequence of wider economic forces. In the early 1880s, New Zealand entered a prolonged economic depression. As employers cut their costs, unions found themselves unable to prevent cuts to wages and conditions. Remaining militancy within the union movement was dealt a crushing blow in 1890 with the outcome of the Maritime Strike which paralysed the wharves in Australia and New Zealand. After a protracted and bitter battle with employers, the various unions found themselves out-manoeuvred by the forces of capital and the Atkinson Government.⁵³ As Pat Hickey was to lament in the paper of the labour movement, the *Maoriland Worker* in 1912, the strike was disastrous for labour.

An impartial observer must admit it to have been a poorly advised and badly conducted revolt. The battalion of Labor were led out and shattered so cruelly and hopelessly that for many years [labour] organisation in New Zealand was practically non-existent.⁵⁴

Although they had been industrially defeated, unions and workers still had political recourse through New Zealand's liberal electoral system. Unions started to cooperate with radical and liberal minded MPs to protect and further their interests. At the 1890 General Election a number of these MPs were elected to the Lower House of Parliament and agreed to form a Liberal Party to govern the country.

"...The Wave of Socialistic Feeling" – The Alliance between Liberalism and Labour

Although their legislative reforms were innovative, and despite comments from editorial writers and oppositionist politicians about the Party's socialistic nature, the Liberals were not a socialist party.⁵⁵ The Liberals were, at least for their first decade in Government, a relatively progressive party.⁵⁶ New Zealand liberalism was committed to the imposition of progressive programmes, in industry, land, social security and pensions and the economy. Of course, the political importance of the Liberal Party to labour lay in that party's ability to implement a series of pro-labour legislative reforms and to wind back the industrial defeat of 1890.⁵⁷

There were some additional advantages for labour as a consequence of their political cooperation with the Liberals. This was in the form of actual parliamentary representation. Approximately five Labour men were elected as Liberal-Labour MPs and became part of the new Liberal Government.⁵⁸ However, whilst the radical Liberal William Pember Reeves had

⁵²"Parliamentary. House of Representatives", *Wanganui Chronicle*, November 1, 1877. pg. 2. In a parliamentary debate about Grey's suitability to be Premier, as a consequence of Atkinson resigning from that position, Ballance is reported as stating that: "it was because they believed in Sir George Grey's liberal principles that he and others supported him."

⁵³ P Hickey, "The Birth and Growth of the N.Z. Federation of Labor," *Maoriland Worker*, May 3, 1912. pg.3.

⁵⁴ Ibid. pg.3.

⁵⁵ "Mr Seddon Amongst the Socialists," *The Press*, August 20, 1897, sec. Editorial.

⁵⁶ "The Premier. Banquet at Wanganui. Speech by Mr. Ballance. The Policy of the Government.," *New Zealand Herald*, February 13, 1891.

⁵⁷ "Tailoresses' Union. Presentation to Mr Pinkerton, M.H.R.," *Otago Daily Times*, January 7, 1891. pg. 3.

⁵⁸ W P Reeves, *State Experiments in Australia and New Zealand*, vol. 1 (London, England: George Allen & Unwin Ltd, 1902). pg. 74. Reeves claimed that five Labour men were elected to Parliament in the General Election of

enthusiastically written about the rapid growth of trade unions, the electoral success of the German Socialists and "... the wave of socialistic feeling..." sweeping over the colonial working class, the reality was slightly different.⁵⁹ The unions were demoralised after 1890. There was no independent labour or socialist party arguing over ideas and lobbying for reform. There were simply five men who were elected into Parliament as labour's representatives who were, in Reeves' own words; "quiet, attentive, business like, well-mannered mechanics".⁶⁰ These were hardly the people who would be ushering in the socialist utopia.

The Liberal Government – Progressives in Power

Individual Trades Unions, the Trades and Labour Councils and the newly elected Liberal-Labour (Lib-Lab) parliamentarians wanted industrial legislation which would protect wages and conditions. Unions wanted an arbitration system that ensured that employers had to negotiate with them. Additionally, labour supported welfare programmes which would ensure protection for aged and sick workers. The Liberals were prepared to implement these reforms in return for labour's electoral and parliamentary support. Consequently, the Liberal Government introduced a limited pension and benefit system. Legislation covering hours, wages and conditions in factories and in shops were also passed. In 1894, the penultimate piece of labour legalisation, the Industrial Conciliation and Arbitration Act (IC&A Act) was introduced. Largely the creation of Reeves, the Act entrenched the award structure and imposed upon unions and employers a series of procedures which had to be followed in the matter of industrial bargaining. The Act also established a system of Arbitration Courts, which would settle disputes over wages and conditions. The newly formed Department of Labour was responsible for the administration of the new labour legislation.⁶¹

Initially, the political partnership between Liberals and the labour movement proved electorally advantageous. The working class had gained a small parliamentary enclave from which it could advocate its cause. For the Liberal Party, political cooperation had delivered a sizable section of the voting population into the Liberal electoral camp. From the 1890s onward, workers increasingly cast their votes for Liberal candidates. The city areas of Auckland, Wellington, Christchurch and Dunedin, which had considerable working class areas, became solidly Liberal.⁶² As Hamer observes:

A study of Auckland, for example, has shown that in the period 1890-1908 no booth or seat drawing on a predominantly working class electorate failed to return a Liberal majority. The same study concluded that the labour section was more reliable electorally than the middle class.⁶³

1890. They all chose to become members of the Liberal caucus. However, Sutch claimed that six Liberal-Labour MPs were elected in that year. Sutch additionally notes that 'political pressure' from the unions forced the newly elected Ballance to appoint four 'working men's leaders to the Legislative Council in 1893. See also; W B Sutch, *The Quest for Security in New Zealand* (Wellington, New Zealand: Oxford University Press, 1966). pgs. 77 – 78.

⁵⁹ Reeves, *State Experiments in Australia and New Zealand*, 1. pg. 74.

⁶⁰ Reeves, *State Experiments in Australia and New Zealand*, 1. pg. 74.

⁶¹ H Roth, *Trade Unions in New Zealand. Past and Present* (Wellington, New Zealand: AH and AW Reed Ltd, 1973). pgs. 19 – 20.

⁶² D Hamer, *The New Zealand Liberals. The Years of Power, 1891 - 1912* (Auckland, New Zealand: Auckland University Press, 1988). pg. 184.

⁶³ Ibid. pg.184. The study that Hamer refers to is that of E P Aimer. See also; E P Aimer, "The Politics of a City: A Study in the Auckland Urban Area 1899 - 1935" (MA, University of Auckland, 1958).

The Liberals also gained support in outlying country areas where there were settlements of miners, timber workers and railway workers.⁶⁴

Socialism and the Liberal Party

Although, the Liberals were largely pragmatic in their political programmes, there were Liberals who subscribed to socialism involved in the party. The most prominent amongst them was Reeves who openly defined himself as a socialist. However, he had company in Edward Robert Traeger, the first Secretary of the Department of Labour and later, President of the New Zealand Social Democratic Party. There were also individual Liberal MPs such as the Dunedin MP Alfred Barclay, who had openly Marxist inclinations.⁶⁵

Reeves believed in ethical socialism. He was convinced that the present inequality which existed within New Zealand's Victorian and Edwardian society needed to be halted and that the economic and social programmes pursued by Sir Harry Atkinson's Government were unlikely to do that. He advocated the greater use of state intervention under an enlightened socialist administration as a means by which progressive reform could be fostered. Reeves became a prominent Minister in the Liberal administration and the architect of the radical labour legislation which the Government implemented.

Tregear was never an MP. He was a friend of Reeves and Ballance and a Liberal supporter who was well known for his socialist views. As the Minister of Labour, Reeves appointed Tregear to the post of Director of the newly established Department of Labour. In his new position, Tregear proved to be very influential and sponsored a number of reforms and legislative changes which established an enlarged and active state by which industrial and economic harmony could be maintained.⁶⁶ Tregear was not an idealist. He was a practical person. His socialism was not created from a deep study of ideology and philosophy. It was the result of his own practical experiences, particularly his bankruptcy which had occurred in the 1870s.⁶⁷ Consequently, Tregear was convinced of the need for active state intervention as a means to prevent people from falling deliberately or as a result of misfortune into poverty and distress.⁶⁸

⁶⁴ Hamer, *The New Zealand Liberals. The Years of Power, 1891 - 1912*. pgs. 154 – 157.

⁶⁵ Gustafson, *Labour's Path to Political Independence*. pg. 154. See also; Father of Twelve, "The North Dunedin Seat," *Otago Daily Times*, July 31, 1905, sec. Letters to the Editor. Harry Bedford, another Dunedin Liberal MP, was also allegedly supposed to be a socialist and member of the Fabian Society. Bedford was a member of the New Liberal party in 1905 and later stood as an Independent against Munro, who was the Socialist party candidate in 1911. He joined the ULP at its formation. It is probable that Bedford was a radical Liberal rather than a socialist.

⁶⁶ "The Mighty Atom," *The Maoriland Worker*, May 5, 1911. pg. 6. The worker reports that Tregear had a presentation awarded to him by the Christchurch Trades and Labour Council. Tregear, the report notes; "... is not alone a big mind but a big soul, a humanist not made barren by brain, and with admirers throughout the world. If we differ with Mr Tregear it is not that we do not know of and appreciate his statesmanship (we must not fall into the error of limiting statesmanship to politicians)".

⁶⁷ K R Howe, *Singer in a Songless Land. A Life of Edward Tregear 1846 - 1931* (Auckland, New Zealand: Auckland University Press, 1991). pg. 33

⁶⁸ Ibid. pg. 33. Both Reeves and Tregear appear to have been influenced by Fabianism which is present in the gradual socialism articulated by both men. Barclay was a particularly active member of the Dunedin Fabian Society during the 1890s and early 1900s. In 1896, at the first meeting of the Dunedin Fabian Society, he is recorded as being the Vice-President. In 1898 he chaired the Dunedin Fabian meeting at which Sidney Webb spoke; See also; "Dunedin Fabian Society," *Otago Daily Times*, June 19, 1896. pg. 4. and "Interview with Mr Sidney Webb," *Otago Daily Times*, August 29, 1898. pg. 3.

Alfred Barclay was one of the most ideologically militant MPs in the Liberal Party caucus. In addition to being a Dunedin solicitor, he was also a Lecturer in constitutional history at the University of Otago.⁶⁹ He was to use his knowledge in both areas in his parliamentary speeches as the MP for Dunedin City and, later, the MP for Dunedin North. However, Barclay achieved notoriety due to his open admiration of Karl Marx. Consequently, he was probably the nation's first 'Marxist' MP and certainly the only MP in the Liberal Party who openly acknowledged Marx. Prior to being elected to parliament in 1899, he had published an address he had given about Marx titled *The Origin of Wealth: Being the Theory of Karl Marx in Simple Form*. In 1900, he referenced quotes from Marx in his maiden speech in Parliament.⁷⁰

Throughout his parliamentary career, Barclay advocated for workers and the poor. In 1907, he put forward a Parliamentary Bill advocating that the food and clothing supply of New Zealand be nationalised. Dissatisfied with the political trajectory of the Joseph Ward-led Liberal party he was asked to, and agreed to stand for the first New Zealand Labour Party in 1912.⁷¹ Unfortunately, illness forced him to withdraw. He died later that year. John Robertson, the United Labour Party (ULP) MP for Otaki lamented his death in Parliament in 1913, observing that Barclay's energies "... were devoted to the interests of the working classes of this country. The Labour Party, I think, has sustained a great loss in the death of Mr Barclay".⁷²

Reeves, Tregear and Barclay had additionally been active in the New Zealand Fabian Society which established itself in the country in the 1890s.⁷³ In many respects, the Fabians were the perfect ideological companions for Liberals. Established in 1883, as the offshoot of an organisation called the 'Fellowship of the New Life', initially the Society attempted to influence the UK Liberal Party before affiliating to the British Labour Party when it was formed in 1900.⁷⁴ The Fabians subscribed to the ideology of socialist gradualism and were content to support practical and pragmatic reforms as a means to achieve that objective. Arriving in New Zealand, the Society quickly established branches. The *Auckland Star* reports the establishment of the Fabian Society in Christchurch in 1896. The paper observed that, "[a] Fabian Society for the promulgations of socialistic ideas has been recently started, with the Rev. O'Bryan Hoare as honorary secretary. One of its objects is to run socialistic candidates".⁷⁵

The ODT reported a good attendance at the inaugural meeting of the Society in Dunedin.⁷⁶ Chaired by Barclay, the Fabian society declared that its objectives were;

... the mutual instruction of its members and the education of the community in social and political questions on ethical and scientific as well as economic lines. It was proposed to attain these objects by the distribution of literature and the promotion of public lectures and free

⁶⁹ Gustafson, *Labour's Path to Political Independence*. pg. 154.

⁷⁰ *New Zealand Parliamentary Debates*, vol. 112.pg. 371.

⁷¹ "General Election," *Otago Daily Times*, September 7, 1911. pg. 8.

⁷² *New Zealand Parliamentary Debates*, vol. 163.pg. 210.

⁷³ Howe, *Singer in a Songless Land. A Life of Edward Tregear 1846 - 1931*. pgs. 81 – 82.

⁷⁴ H Tracey, *The Book of The Labour Party*, vol. 1 (London, England: Caxton Publishing Company, Limited, 1926). pg. 108

⁷⁵ "Wellington Notes," *Auckland Star*, March 4, 1896. pg. 4.

⁷⁶ "Dunedin Fabian Society." pg. 4.

discussion. The general trend of opinion of the members would, he thought, be found to be in sympathy with those movements which were now almost world-wide, to obtain control of capital and to assist in a more equitable distribution, of wealth.⁷⁷

Unlike the United Kingdom, where the Fabians provided considerable intellectual and political stimulus to the Liberal and later the Labour Party, the New Zealand Fabians were more circumspect in terms of their size and application. However, while the New Zealand Fabian Society lacked the considerable political sway of its British counterpart, the lack of a cohesive philosophical programme made New Zealand liberalism susceptible to Fabian ideas.

Socialism without Doctrine – Liberalism in New Zealand

In addition to administering state departments, Tregear also published a number of socialistic pamphlets for international consumption. These praised New Zealand's advanced social and economic legislation. Despite the leading Liberals being embarrassed by them, most of Traeger's articles were based on reports and speeches provided by Liberal personages such as Seddon, about the progressive nature of the Liberal Government.⁷⁸ Interested in the reforming nature of the Liberal Government, radical and progressive international commentators such as Sidney and Beatrice Webb, James Edward Le Rossignol, Albert Metin, Andre Seigfried and Robert H Hutchinson visited the country and wrote accounts based on their own experiences of the Dominion's 'socialist' programmes.

In 1912, the French political and social observer Metin referred to New Zealand Governments as implementing "socialisme sans doctrine" (socialism without doctrine) referencing the significant role that the state played in economic and social affairs.⁷⁹ In 1916, the *Maoriland Worker* reviewed a book by Hutchinson titled *Socialism in New Zealand*.⁸⁰ Hutchinson, who had visited New Zealand while on his honeymoon in 1913, actively threw himself into activity for labour and was suitably impressed by the progress New Zealand had made in the areas of social policy and industrial relations.⁸¹ He also referred to the active and progressive role played by the State in the achievement of progressive reform as a journey toward socialism. Hutchinson claimed that, "New Zealand is a good place in which to study State Socialism because there is more of it there than in perhaps any other place in the world".⁸²

Certainly, significant social progress had been achieved by the Liberals from 1891 – 1912. In its first decade of Government, the Liberal Party had alleviated the industrial, social and economic distress of workers by implementing new and radical labour legislation, it had reformed the pension system and it had broken up the large farm estates, allowing more people onto the land. Yet, despite Tregear's optimistic pamphlets, there had never been a deliberate attempt to transform New Zealand into any sort of socialist paradise.⁸³ In the

⁷⁷ Ibid. pg.4.

⁷⁸ Howe, *Singer in a Songless Land. A Life of Edward Tregear 1846 - 1931*. pg. 138 - 139

⁷⁹ A Metin, *Socialism without Doctrine* (Sydney, Australia: Alternative Publishing Cooperative Limited, 1977).

⁸⁰ R Hutchinson, *The Socialism of New Zealand* (New York, United States of America: New York Publishing Association, 1916). pg. 5.

⁸¹ "An American Visitor. Mr R H Hutchinson Interviewed by 'The Worker'" *The Maoriland Worker*, October 8, 1913. pg. 2.

⁸² R Hutchinson, *The Socialism of New Zealand* (New York, United States of America: New York Publishing Association, 1916). pg. vii

⁸³ Hamer, *The New Zealand Liberals. The Years of Power, 1891 - 1912*. pg. 45.

context of the times, although Liberal programmes could be perceived as being 'revolutionary' and 'socialistic,' New Zealand was not, as Hutchinson was to observe, a socialist nation:

One may hear it said that New Zealand is nearer Socialism than other countries, or that it is "Socialistic." But the New Zealand system allows wealth to be created and distributed by capitalistic methods, and sets about to mitigate the inevitable evils of capitalism by palliative methods. There is no attempt by those in power to radically change this system, but on the contrary every attempt is made to thwart any change. Were the State on the road to Socialism a more direct effort would be made to correct the inequitable distribution of wealth by striking at the root of the trouble and not patching up the symptoms. Rent, interest, and profits still exist; they have never been dangerously attacked.⁸⁴

Instead, Hutchinson put forward the proposition that the 'socialism' which was so beloved by international and domestic socialist observers was actually a political sleight of hand by liberals and conservatives:

... the Capitalists of the last few years have taken the wind out of the Socialists' sails by labelling reforms with socialist titles. It is surprising, in fact, to see how many people of all kinds and classes call themselves Socialists in New Zealand. What the majority of them mean is simply that they approve of the policy of further State ownership and of humanitarian legislation.⁸⁵

Disenchantment within the Liberal Party

During the last years of the nineteenth century and the first years of the twentieth, there was a growing level of discontent expressed by some of the self-styled radicals in the Liberal Party caucus against aspects of Government policy and the autocratic and populist leadership of Richard Seddon, who had become popularly known as 'King Dick.' Often these disputes were the result of personal slights or oversights and based around equally autocratic characters. However, at times the breaches were of a political nature and were considered serious enough for some MPs to leave the Liberal Party caucus and become Independents or to form their own faction within it.

In March 1905, aggrieved by the conservative nature of the Government and various slights against them by Seddon, several of the Liberal Party's more radical MP's (Taylor, Fisher and Bedford) formed a New Liberal Party.⁸⁶ For the most part, the New Liberals operated as disparate parliamentary grouping within the Liberal caucus rather than a separate political party with distinct political ideas or objectives. The New Liberals appeared to have two principal concepts which united their MPs. The first of these was a belief that 'true liberalism'

⁸⁴ Hutchinson, *The Socialism of New Zealand*. pgs. 135 - 136

⁸⁵ Ibid.pgs. 136 – 137.

⁸⁶ Ibid. pg. 243 - 248. Hamer lists the membership of the New Liberals in June 1905 as being Taylor, Fisher, Bedford, Laurenson, Barber, Tanner, Hogg and Baume. By September, only Taylor, Fisher and Bedford remained in the organisation.

had died with Ballance. The second was a dislike of Seddon and his leadership.⁸⁷ Aside from these two concepts, the New Liberals could not agree on much else. They lacked a common programme and even the ability to vote the same way in parliament.⁸⁸ Further, despite their supposed progressive nature only a few of the New Liberal MPs such as Hogg, Bedford and Taylor openly associated themselves with labour.⁸⁹

Labour Disenchantment and Disappointment with the Liberal Party

After 1900, there appeared the first palpable signs of dissatisfaction with the Liberal Party from a significant segment of the labour movement. Although, the numbers of workers dissatisfied with the Liberals remained small in terms of overall working class support for the Party, their numbers were increasing. More worryingly for the Liberal leadership, the malcontents became increasingly vocal in terms of their frustrations with the Liberal Party. There were several reasons for this rising discontent. Many of the older trades unions who had been supportive of the Liberals were supplanted by newer non-craft based unions, which represented semi-skilled or unskilled workers. These new unions were increasingly militant in their demands for gaining better conditions and/or wages. Further, these new unions also tended to be led by people who were not Liberal in either their political or philosophical orientation. They drew their political inspiration from philosophies and practices which were antagonistic to those of liberalism, particularly drawing on Marxism and syndicalism.

These new radicals had also become active in some of the older Unions, such as the miners, where they questioned the decisions and programmes of the older Liberal Party supporting union leadership. But, even amongst some of the older, conservative Unions, there was a discontent and a desire for change. Several times between 1900 and 1906, Seddon was forced to meet and placate representatives from the older and Liberal-inclined Trades and Labour Councils, which were dissatisfied with Liberal Party progress in areas of labour reform.⁹⁰

One of the principal causes of labour's disenchantment was the perceived bias of the Arbitration Courts. Initially, labour had supported the Courts as their judgements had significantly aided them and alleviated the imbalance between capital and labour by improving wages and conditions.⁹¹ But, after 1900 there was a perception in the labour movement that the Courts were now actively working against unions and in favour of the employers to hold down conditions and wage increases.⁹² Starting in 1908, there were a series of escalating industrial disputes, which were led by new union militants. While they were seeking immediate improvements to wages and conditions, the disputes were also calculated attacks by militant labour against the Arbitration system.

Yet, while this was setting the scene for the rise of independent labour as opposed to Liberal-Labourism, many labour supporters remained supportive of the role that the state had played in the arbitration process, even while they disagreed with the direction of the Arbitration

⁸⁷ G F Whitcher, "The New Liberal Party 1905" (University of Canterbury, 1966).pg.76. The New Liberals regarded Ballance as the symbol of 'pure liberalism,' a liberalism which had been corrupted by Seddon.

⁸⁸ Hamer, *The New Zealand Liberals. The Years of Power, 1891 - 1912*. pg. 245

⁸⁹ "A Labour Party. Mr Taylor's Address," *Grey River Argus*, July 7, 1911. pg. 6.

⁹⁰ R M Burdon, *King Dick* (Christchurch, New Zealand: Whitcombes and Tombs, 1955).pgs. 267-268.

⁹¹ Hickey, "The Birth and Growth of the N.Z. Federation of Labor." pg. 3.

⁹² Ibid. pg.3.

Courts. They did not want a withdrawal of the state and return to the free-for-all in industrial negotiations. They simply wanted a system which recognised the demands and conditions of labour. As the labour moderate, JT Paul was to remark in his article on the “industrial difficulties” confronting New Zealand in 1911 in the *Auckland Star*:

I do not think Parliament has been as ready to improve the machinery of arbitration as it should have been. Arbitration has to be adapted to the changed phases of industrialism. The principle of arbitration is sound at the core. Arbitration, properly applied, means the guarantee of "fair and reasonable wages". I am not attempting to show that production for profit is right or wrong. I am attempting to show that arbitration is the best method to give the best conditions to the worker under the present system, the system we have to deal with to-day and to-morrow. Arbitration and the present system cannot give absolute justice to the wealth producer; but until this system gives way to another we've got to make the most of it, and attempt to give the worker the best of it.⁹³

Conclusion – The Victory of State Ownership and Parliamentarism

From the late 1890s until the first decades of the twentieth century, New Zealand obtained a reputation as a ‘social laboratory.’⁹⁴ The term became particularly associated with the progressive social and economic programmes of the Liberal Government from 1890 - 1912. While a number of these programmes were the consequence of pragmatic responses to various circumstances in which the Liberal Government found itself, rather than the desire to implement a radical programme, there was a certain degree of sympathy shown by a small number of Liberals towards various aspects of socialism or radical liberalism. This group comprised two sections. The larger of these sections was composed of Liberal parliamentarians and supporters who were sympathetic to labour ideals and programmes and subsequently supported labour initiatives, even if they were not inclined toward socialism. However, there were a smaller number of prominent Liberal members and supporters who did perceive themselves as socialists and, subsequently, worked toward enacting socialist or socialistic policies. Members of both sections either supported or comprised the Liberal- Labour (Lib-Lab) grouping within the New Zealand Liberal party.

The state had an established role in New Zealand’s economic and social development from the early years of the colony’s formation and in the 1890s and 1900s this role was substantially expanded into areas of limited social provision. As this chapter has demonstrated the state played a progressive influence on the development of the New Zealand colony. It was state action which had built roads, railways, schools and hospitals. A progressive Liberal government had used the state to improve the wages and conditions of workers, providing them with a higher standard of life. Older workers, who were of ‘good moral standing,’ became eligible for an old age pension.⁹⁵ Subsequently, many people within

⁹³ J T Paul, “Labour and the Future,” *Auckland Star*, June 21, 1911. pg. 8.

⁹⁴ K Sinclair, *William Pember Reeves. New Zealand Fabian* (Oxford, England: Clarendon Press, 1965). pg. 212. Sinclair appears to think that the term originated at a dinner held for Reeves by Herbert Asquith at the liberal Eighty Club in London.

⁹⁵ K Sinclair, *The Liberal Government 1891-1912. First Steps toward a Welfare State*, New Zealand History Topic Books (Auckland, New Zealand: Heinmann Educational Books, 1967). pgs. 25-26. Foreigners, criminals,

the labour movement and outside of it came to identify the increasing use and influence of the state during this period as socialistic. The image of the state as a benign and progressive institution gained acceptance within liberal and labour circles. However, as Hutchinson noted, this interpretation was a fallacy. Nonetheless, this conviction significantly influenced the political labour movement in the coming decades.

The growth of the state went 'hand and hand' with the expansion of the authority of Parliament and the country's electoral system. Although, New Zealand's political tradition was British (and specifically English), the country never experienced the same amount of unrest that the United Kingdom did in relation to different groups seeking to gain voting rights. There were no Peterloo massacres in New Zealand. Even the campaign to achieve voting rights for New Zealand women was mild in comparison to the campaign for women's suffrage which was waged in the United Kingdom in the decades prior to World War One. By 1900, the majority of New Zealand adults aged 21 and over were entitled to vote and most took the opportunity to do so.

Consequently, use was made of this liberal voting system. Workers possessed actual electoral power which they could use to elect individual MPs or political parties to further their objectives. Likewise, while unions and workers associations may have been industrially defeated in 1890, they were not politically defeated. Consequently, they organised electorally and supported a Liberal Party which had improved the conditions and living standards of workers in its 21 years of Government. The success of the Liberal Government (1891 – 1912) in improving conditions for the majority of the population provided further proof of the success of the parliamentary system. Any failing in the system was due to the belief that Parliament did not have an independent labour party to progress labour policy and objectives. This belief in the power of electoral politics and parliament as means of achieving objectives was never really seriously challenged. As a consequence parliamentarism became a central part of New Zealand labour and socialist politics.

drunkards and wife-beaters were excluded. Pensioners had to be old, poor, virtuous, and British. Sinclair additionally notes that the scheme was not generous financially with a maximum pay-out per week of 6s 11d or £18 per year. However, as he notes: "...for those who qualified the pensions made all the difference between hunger and a modest sufficiency; between humiliation and dignity".

Chapter Two: Labour Strikes out Alone: The Establishment of Labour and Socialist Parties

Introduction

This chapter provides a brief examination of the development of the various labour and socialist parties in New Zealand from the first decade of the twentieth century until the beginning of the First World War. It was during this period that political labour broke away from the governing Liberal party, somewhat hesitantly at first, and sought to stake its own independent political claim. Labour's independence was marked by hostility and antagonism with labour moderates (labour right) and socialist militants (labour left) competing for working class loyalty and votes. Yet, despite the hostility shown by the various factions toward each other, the philosophical differences between them were less important than their programmatic similarities. At the core of these programmatic similarities was a common belief in state control and public ownership of infrastructure and institutions.

Additionally, labour politics was largely electorally focused. By 1900, most New Zealand adults over the age of 21 could vote and stand for elections. As was explained in Chapter One, the election of the Liberal Party to government in 1890 had improved the lot of workers and ensured growth in economic and social development. Consequently, labour believed that if the citadel of parliament could be stormed then a labour government could implement legislation which would further benefit labour. Such a belief in the supremacy of electoral politics was only briefly challenged by industrial militancy prior to 1914, after which labour returned its focus and efforts into gaining representation at either the local or national level.

Independence: The Growth of Political Labour and the Road to 1915

By 1905, the Liberals had become the victims of their own success. There was a growing demand for more radical programmes from the Liberal Government by sections of the labour movement and radical liberals. The failure of the Government to deliver on those demands was increasingly seen as a conservative rebuff by an administration, which, while allegedly representing labour, was perceived as more openly working in the interests of capital. Agitators from the newly formed Socialist Party chided the Liberals and their union allies and called on labour to undertake its historic mission as the majority class and to take its place in running the affairs of state. While the more conservative Trades and Labour Councils and their leadership were suspicious of, and in some cases hostile to, the socialists, even they could see the benefits to labour if it had its own party. By 1905, there was a conscious decision amongst sections of the labour movement to establish their own political organisations independent of the Liberal party.

Doubtless, the other motivating factor for labour to forge its own independent political identity was the establishment and electoral success of labour and social democratic parties internationally. The Independent Labour Party (ILP), a forerunner of the United Kingdom Labour Party, had been formed in 1891 and the Labour Representative Committee, later the Labour Party, was founded in 1900. The ILP, and later the Labour Party, had its own elected representatives in the British Parliament.⁹⁶ In Europe, there was the growing presence of the

⁹⁶ D Sasson, *One Hundred Years of Socialism* (New York, United States of America: The New Press, 1996). pg. 16.

German Social Democrats, which was one of the largest parties in the German Reichstag.⁹⁷ A mere 13 years after its formation in 1892, the Australian Labor Party, formed a minority federal Government in 1904.⁹⁸ These parties presented evidence that the labour movement could not only organise its own independent party, but that it could also govern.

The First Attempts at Labour Unity: Political Labour Leagues (PLL)

The first political vehicle for labour was the supposed 'Independent' Political Labour Leagues (PLL).⁹⁹ The PLL was not a socialist organisation. It was not even politically independent initially as its national body was pledged to support the Liberal government.¹⁰⁰ At its national conference in 1905, the national chairperson for the League, J Rigg, was anxious to note that while the league campaigned for labour candidates, this did not mean that it opposed the Liberals. The ODT reported that Rigg;

... denied that the league had been organised for deposing the present Government or Mr Seddon. It sought to have fair labour representation on municipal bodies, and a strong Labour party in Parliament. Candidates at the forthcoming general election, he said, should recognise that a new factor had arisen in political affairs. If the league could not get a candidate of its own in, it could at least keep out one whom it did not approve.¹⁰¹

Politically, the League was moderate body, was supported by the Trades and Labour Councils and various other groups, including the Liberals.¹⁰² Its national platform advocated greater state control and ownership of the tobacco industry; the creation of a state bank with the sole right of issue; the re-evaluation of Crown lands held under private lease and the halt to the private sale of Crown owned lands; the parliamentary franchise to apply to the elections of all local bodies and municipal proposals; referenda; the abolition of the Upper House and an elected Executive and the abolition of public borrowing except for 'redemption' and completing 'works already authorised by Parliament.'¹⁰³ The programme was very restrained and would have appealed to radical Liberals as well as conservative Unionists. The platform

⁹⁷Ibid. pg. 11

⁹⁸ N Dyrenfurth and F Bongiorno, *A Little History of the Australian Labor Party* (Sydney, Australia: University of New South Wales Press Ltd. , 2011). pg. 45. The exact year of the Party's establishment is a matter of some conjecture as labour leagues and labour groups existed in Queensland and New South Wales in 1889. Dyrenfurth and Bongiorno place the Party's foundation in 1891, when Labor candidates were elected in New South Wales.

⁹⁹ "Liberal Labour League," *Otago Daily Times*, April 27, 1905. pg.7.

¹⁰⁰ Ibid. pg.7.

¹⁰¹ Ibid. pg.7.

¹⁰² Ibid. pg.7.

¹⁰³ Ibid. pg.7. The Otago Daily Times presented the League's complete programme in its report. The PLL supported; [the] Periodical revaluation of all Crown lands held on lease, this not to apply to existing leases until the death of the present leaseholder or the transfer of the lease to another, as the case might be; abolition of the sale of Crown lands; resumption of land for closer settlement to be at the owners' valuation for taxation purposes, plus 10 per cent; tenants' absolute right to their improvements; nationalisation of the tobacco industry; State Bank, with the sole right of note issue; parliamentary franchise to apply to elections of all local bodies and municipal proposals; referendum with the initiative in the hands of the people; abolition of the Upper House; elective Executive; preference to unionists; cessation of borrowing except for redemption and completing works already authorised by Parliament; uniform set of school books, to be printed by the Government, and issued to children attending the public schools of the colony at cost price: equal pay for equal work to male and female: public defenders in cases of indictable offences and misdemeanours.

planks - aside from the nationalisation of the tobacco industry - were to reappear in the programmes of the League's political successors.

The need for the PLL arose because it was apparent that there were a number of left or progressive candidates contesting the 1906 election and they were all actively courting working class electors. The League would bring together the various labour and progressive organisations in the regions and ensure that there was a coordinated approach by the various campaigns.¹⁰⁴ Rather than have 'labour' or progressive candidates run against each other, candidates and their respective organisations would establish Labour Regional Committees (LRCs) and campaign under a common platform.¹⁰⁵

While this approach was well meant, it was not successful. There were too many disparate organisations involved and the lack of unity between the various organisations flared into open disagreements. In Dunedin, the President of the Socialist party, Robert Hogg, attacked the Leagues in an open public address. The League, Hogg asserted, was not an independent body; it was merely the political front for others.

It was proposed at one time to call it the Independent Political Labour League, but at a meeting of the founders "independent" was struck out. Therefore Mr Hogg asserts, there is no independence in the attitude of this new political body, and it will accomplish nothing. Anything that has been secured for the workers has been won by an independent party, and, as the new party had no qualification of the kind desired, it will reap no reward.¹⁰⁶

Contesting a small number of electorates, the various PLL candidates did little more than fly the flag for independent labour.¹⁰⁷ The Liberals retained their hold over working class voters and handily saw off the PLL interlopers. Electorally, the PLL was a failure and by 1909 it had fallen into disrepute. However the importance of the PLL lay in its attempt to forge a common understanding between the various organisations of independent Labour and to provide them with the opportunity to work together. While there may have been disagreements between the various groupings involved in the League, they were the first practical attempt by the political labour movement to mediate a common set of objectives and platforms.

A Party for Apologists: The First NZ Labour Party (1910)

In 1910, a second attempt was made to gain labour representation, this time independent of other parties, with the formation of the New Zealand Labour Party (LP). The Party was formed as a result of the national conference of the Trades and Labour Councils. Consequently, and like its British and Australian counterparts, it was a largely labourist organisation in that it simply sought independent labour representation in parliament and not the achievement of any distinctive ideology such as socialism.¹⁰⁸ The lack of a socialist ideology meant that the LP appealed to electors as a 'class-less' party rather than a class based one. This appeal was necessitated due to the Party being apprehensive about its association with other bodies

¹⁰⁴ Gustafson, *Labour's Path to Political Independence*. pg.18

¹⁰⁵ Ibid. pg.18

¹⁰⁶ "A Political Address," *Otago Daily Times*, March 29, 1905. pg. 2.

¹⁰⁷ "To the Workers. Labour and Politics. The Manifesto of the Political Labour League," *The Evening Post*, January 5, 1909. pg. 3.

¹⁰⁸ "New Zealand Labour Party. A Christchurch Movement," *The Evening Post*, July 17, 1909. pg. 9.

which might be considered as radical. In a letter to the *Maoriland Worker*, a correspondent, who had been at the Party's foundation conference, observed that;

Being a "Progressive Person," I naturally attended the meeting a few days ago at which the new party was formed. I was sorry to see they would not admit the Press, not even a representative of "The Maoriland Worker." What have we to hide, anyway? The point that struck me most was that everyone who rose to speak apologised for the platform, and said that of course there were certain planks they could not agree with; and I firmly believe if each speaker had had the right to strike out the part he did not agree with, the only thing that would have been left would have been the words Labour Party.¹⁰⁹

In line with its emphasis on classlessness, the first New Zealand Labour Party sought to unite all classes and create a society which was fairer to all.¹¹⁰ The Party's objective and platform sought the gradual transformation of New Zealand toward a fairer society. While there was a distinctive emphasis on the use of the state and nationalisation as a means of ensuring a better standard of living for workers and ordinary people, it stopped short of any direct attack on Capital. The LP contested the 1911 General Election, where it proved to be more electorally successful than the PLL. Two of the Party's seventeen candidates were able to amass more than 1000 votes and one of these candidates, Alfred Hindmarsh, actually won the seat of Wellington South on the second ballot.

Although it did well in those elections, by 1912 the Party was effectively dead. The organisation of the Party was patchy and had suffered as a result of the open warfare between the various labour and socialist groups.¹¹¹ The growth of the Federation of the Labour (FoL) had created considerable discontent within the labour movement between moderates and militants. This antagonism spilled over into the new party. As industrial unrest increased in the lead up to the 1913 General Strike, the antipathy between both sides intensified.¹¹²

Realising the Ideals of True Liberalism: The United Labour Party (ULP)

In 1912, the Labour Party was merged into a new political organisation, the United Labour Party (ULP).¹¹³ In addition to having a new name, the ULP also had other elements in its favour. It recruited George Fowlds, the former prominent progressive Liberal MP and the formidable 'Professor' Walter Mills as an organiser. Mills was an outstanding orator and used his oratory to good effect against the ULP's opponents.¹¹⁴ He also wrote newspaper columns on behalf of the Party in which he significantly exaggerated the conflict between the ULP and the more moderate elements in the Labour movement against the 'revolutionists.'¹¹⁵

¹⁰⁹ A.B.O, "The Labour Party," *The Maoriland Worker*, January 20, 1911. pg. 11.

¹¹⁰ "Trades and Labour Councils. Conference at Auckland. (Supplement)," *Otago Daily Times*, August 15, 1910. pg. 2.

¹¹¹ B Gustafson, *Labour's Path to Political Independence. The Origins and Establishment of the New Zealand Labour Party 1900 - 1919* (Auckland, New Zealand: Auckland University Press, 1980). pg. 40.

¹¹² Ibid. pg. 47.

¹¹³ "New Zealand Labour Party. Conference Concluded," *The Evening Post*, April 12, 1912. pg. 7.

¹¹⁴ E Olssen, "W.T. Mills, E. J. B. Allen, J. A. Lee and Socialism in New Zealand," *The New Zealand Journal of History* 10, no. 2 (1976).pg.116.

¹¹⁵ Gustafson, *Labour's Path to Political Independence*. pg. 162

The ULP also secured the services of several MPs, who were able to articulate the ULP's platform in Parliament.¹¹⁶ Amongst them was the able Alfred Hindmarsh, who became the ULP MP for Wellington South. Hindmarsh was a former Liberal, who had grown disenchanted with that party. His attitude was reflective of Labour dissatisfaction with the Liberals. While Hindmarsh believed that the Liberals had once been representative of the majority of New Zealanders, the final years of the Liberal government had alienated workers. In Parliament, Hindmarsh claimed that the Liberal Government had enslaved workers and it was labour's role to help "...break the chains of liberalism that has held the people in chains for so many years."¹¹⁷ Consequently, he suggested that it was now Independent Labour which was representative of the interests of all New Zealanders.¹¹⁸

Like its immediate predecessor, the ULP was a Party for moderate trade unionists, independent labourites and alienated progressive liberals. As articulated by Hindmarsh, the ULP saw itself as heir to a progressive liberal tradition which its supporters claimed had been lost under the premierships of Seddon and Ward. In line with that belief, Fowlds claimed that the objective of the party was to act as;

... a truly progressive reform party, with the aim of establishing social justice. That was the aim of the United Labour Party. He [Fowlds] explained that he had left the Government last September because he felt it did not realise the ideals of true Liberalism. It was not possible for any political party to stand still. The Liberal Party had dropped some really progressive ideas held ten or twelve years ago. it was the failure of the Liberal Party to move forward that had caused the United Labour Party to be evolved.¹¹⁹

The objective of the ULP was to re-establish the progressive programme which had been personified by Ballance and appeal to all New Zealanders who wanted a fairer and more just society.¹²⁰

Socialism in 'Willow-Calf Boots': The New Zealand Socialist Party (SP)

Fowlds observed that the ULP opposed two threats to civilisation. The first of these threats was unrestrained capitalism. However, he proclaimed that the United Labour Party also stood in opposition to the other threat to 'civilisation.' This was the 'revolutionary socialist.'¹²¹ Revolutionary socialism was represented industrially by the militant Federation of Labour (Red Feds), the Industrial Workers of the World (IWW), and politically by the New Zealand Socialist Party (SP). The Socialist Party had been formed in 1901¹²². At its formation the party gave little inkling of its development into a revolutionary body. Initially the Party was a

¹¹⁶ "New Zealand Labour Party. Conference Concluded." pg.7. The MPs were W A Veitch, J Robertson and A Hindmarsh.

¹¹⁷ *New Zealand Parliamentary Debates*, vol. 157. pg. 167.

¹¹⁸ *Ibid.* pg. 167.

¹¹⁹ "Mr Fowlds Explains. Only Thing to Save Civilisation," *Evening Post*, July 31, 1912. pg. 4.

¹²⁰ *Ibid.* pg.4.

¹²¹ *Ibid.* pg.4. Fowlds was critical of both the Liberals and 'revolutionary' labour. The Liberals had renounced 'true' liberalism and progressive politics while the supporters of revolutionary labour were Syndicalists.

¹²² "The New Zealand Socialist Party," *Evening Post*, July 29, 1901. pg. 6. See also; *Labour's Path to Political Independence*, pg. 24. Gustafson notes that the first branches of the Socialist Party were formed in Wellington (July 1901), then in Auckland (August 1901) and lastly in Christchurch (January 1902). "New Zealand Socialist Party," *The Star*, January 22, 1902. pg. 1.

moderate grouping which combined elements of Fabianism, co-operativism and the socialist romanticism of British socialist, William Morris.¹²³ This philosophical approach was not surprising when it is considered that the party was established by the business and financial backer of the *Clarion* magazine, W R Ranshead, and 190 of his followers who had come to New Zealand with the intention of establishing a cooperative socialist community.¹²⁴

At its formation the Party stated that its objective was;

... to work for the organisation of New Zealand as a Co-operative Commonwealth in which the land and all the instruments of production, distribution, and exchange shall be owned and managed by the people collectively.¹²⁵

While the Party pledged to stand candidates in elections, this was not at the forefront of its organising activities.¹²⁶ Instead it sought to promulgate socialist theory and teachings through meetings, debates, discussions and the "circulation of books, papers, pamphlets and leaflets of a Socialistic nature".¹²⁷ As one observer noted, Marx was virtually unknown to the New Zealand socialists. The Party had nothing in its principles that left-wing liberals could not approve of.¹²⁸

The situation was to change in 1902 when the Party engaged the revolutionary British socialist, Tom Mann, who toured New Zealand on its behalf.¹²⁹ Mann's activities transformed the Party, turning it into a mass based party with an electoral agenda.¹³⁰ The Socialist Party did not actually adopt a revolutionary objective until the appointment of the socialist journalist, Robert Hogg as General Secretary, and the American socialist, Robert Rivers LaMonte, as the Party's organiser.¹³¹ The programme of revolutionary socialism, was largely copied from the IWW, and committed the Party to the 'the integration of a socialist commonwealth founded upon the socialisation of Land, Machinery and Capital.'¹³² As the *Maoriland Worker* reported about nature of the Socialist Party;

Generally speaking the position of the Socialist Party in every civilised country is one of hostility to the existing political order. That order is based on private property in the means of production, and its function is to maintain and defend that property in the interests of the dominant class. Hence the existing political order is in antagonism to Socialism.¹³³

¹²³ H Roth, "The New Zealand Socialist Party," *Political Science* 9, no. 1 (March 1957). pg.51

¹²⁴ Ibid. pg. 51.

¹²⁵ "The New Zealand Socialist Party." pg. 6.

¹²⁶ Ibid. pg.6.

¹²⁷ Ibid. pg.6.

¹²⁸ Roth, "NZ Socialist Party." pg. 53. See also; "New Zealand Socialist Party." pg.1. In Christchurch the Party was captured by the Liberals at its inaugural meeting and became an appendix of the Liberal Party.

¹²⁹ "Socialist Party," *The Star*, September 25, 1902. pg.1.

¹³⁰ Roth, "NZ Socialist Party." pg. 53. See also; E Olssen, *The Red Feds. Revolutionary Industrial Unionism and the New Zealand Federation of Labour 1908 - 1913* (Auckland, New Zealand: Oxford University Press, 1988). pg. 17.

¹³¹ "Wellington Notes. Socialist Campaign," *Auckland Star*, February 21, 1903. pg. 5. See also; Roth, "NZ Socialist Party." pg. 53.

¹³² New Zealand Socialist Party, "New Zealand Socialist Party Objectives and Platform" (New Zealand Socialist Party, 1908). pg.np.

¹³³ "Domestic Politics. Socialists Opposed to Existing Order," *Maoriland Worker*, May 5, 1911. pg.15.

Until its demise in 1913, at the Unity Conference which formed the Social Democratic party (SDP), the Socialist Party actively promoted the theories and programmes of Karl Marx, Eduard Bernstein, Eugene Debbs and other international socialist notables.

Unlike the PLL, the first New Zealand Labour Party or the ULP, the Socialist Party was not formed as a political arm of the Trades and Labour Councils. Many of the Trades Unions would not have dealings with the Party due to its radical and uncompromising programme as a group dedicated to revolution.¹³⁴ However, the Socialist Party did have some union support, principally from within the militant 'new' unions such as the Miners Federation and the 'Red' Federation of Labour in which Socialist Party officials held prominent positions.¹³⁵

Politically, the Socialist Party was hostile toward both the Liberal Party and the ULP. As far as the Socialist Party was concerned the Liberal party was a capitalist organisation whose main objective was to lure workers into accepting capitalism and its conditions. The Socialists criticised the ULP as Liberal stooges and openly disparaged the ULP platform as liberal.

The platform is all right, only it is a Liberal platform. The name is all wrong. "United Labor Party" is a swindle. It is not united. It is not Labor ... Furthermore, the Labor Party claims to be a Socialist Party, and resents the charge that it is a Lib.-Lab party. ... If the Labor Party were a Socialist Party it would be a party of Socialists. It is not such. It is a Liberal Party in stolen clothes. But is it quite the honest thing to masquerade as a working-class party?¹³⁶

Yet, despite their appeals to revolution, the Party never stopped participating in electoral democracy. The Socialist Party stood candidates at both a local and national level.¹³⁷ Sometimes the party stood separately or as part of a wider labour group, although these political interactions could be fraught for both sides.¹³⁸ The party went so far as to chide the IWW about its opposition to the Parliamentary action. In the *Commonwealth*, the Socialist Party's column in the *Maoriland Worker*, the party endorsed parliamentary action, remarking that any means to achieve the freedom of the workers was 'justifiable;'

Strange to say our old comrades of the IWW are still holding out against Parliamentary action. Why this entrenchment of capitalism should not be stormed is beyond my meagre comprehension. The freedom of the workers from the thralldom of capitalism being the end desired, any means is justifiable to achieve that end. And I consider Parliamentary action is a means to that end.¹³⁹

Party activists increasingly engaged in industrial activity after 1909 and political activity became, for a short while, a secondary focus for the party. Yet, despite engaging with

¹³⁴ Roth, "NZ Socialist Party." pg. 54

¹³⁵ Olssen, *The Red Feds*. pg. 22

¹³⁶ "The Labor Party and Mr McHugh," *Maoriland Worker*, November 15, 1912. pg. 4. See also; Sydney Kingsford, "In Reply to the Vag," *Maoriland Worker*, January 12, 1912. pg. 18. Edward "Ted" Howard who wrote under the pseudonym of 'The Vag' for the *Maoriland Worker* wrote critical columns about the ULP and its officials. Howard was a member of the Socialist Party. The ULP and its supporters responded to Howard in kind.

¹³⁷ Gustafson, *Labour's Path to Political Independence*. pg. 26 - 27

¹³⁸ Ibid. pg. 26.

¹³⁹ J R Planet, "From Within. The Commonwealth," *Maoriland Worker*, October 13, 1911. pg. 12.

industrial militancy, the SP never completely forswore parliament.¹⁴⁰ Similar to its labour counterparts in the ULP, there was a strong strand of belief within the party that parliamentary politics was a means to further workers interests despite Parliament being a tool of bourgeois capitalism. With the defeat of industrial unionism as a result of the General Strike in 1913 the Party returned to focus on electoral politics.¹⁴¹

Although versed in Marxism and socialist analysis, the Socialist party lacked a developed plan or programme in which economic or social injustice could be rectified. Consequently, its solution was to tinker with the system in the belief that it could be dramatically changed. As the party stated in its 'Commonwealth' column of 20 October 1911;

Socialism does not expect to get along without capital, though changing its character fundamentally. To-day capital is the means of exploitation; while under Socialism it would lose this capitalist quality and become simply the means of production. Socialism aims at the absolute concentration of capital, the realisation of its greatest efficiency.¹⁴²

The Party perceived that capitalism could be changed and transformed into socialism. As a means of achieving that transformation, the Party adopted a programme which was essentially state led (statist). In proposing such a platform, the SP's programme appears to be little different from that proposed by other labour organisations such as the ULP.¹⁴³ While the SP could be described as more aggressive in its criticism of capital than the ULP, the Party's political programme merely consisted of a significant extension of public ownership.¹⁴⁴ Such a platform was also a central component of the ULP's programme.

In 1911, the commonality between the programmes led to Socialist candidates being openly questioned as to whether the Party's platform was any different to that of the Labour Party. This was a question which the candidates attempted to avoid answering.¹⁴⁵ Savage, for example, on being asked the question during a campaign speech in 1911 in Auckland Central, averred that:

"Well, if you can find any part of the Labor platform about my person you can give me in charge of the nearest policeman." "Or send you to the Lunatic Asylum," suggested the chairman.¹⁴⁶

In terms of actual policies, there appeared to be little political difference between the various groups. As John A Lee recorded in his book *Simple on a Soapbox* the SP's revolutionary appeal could be considerably overstated;

"The Socialists are fakers", the I.W.W would yell.

¹⁴⁰ Roth, "NZ Socialist Party." pg. 57. John Robertson won the Otaki electorate as an Independent Socialist candidate in 1911. However, he quickly fell offside with the local Socialist Party and consequently joined the ULP. See also; "Robertson for Otaki," *Maoriland Worker*, December 1, 1911. pg. 7.

¹⁴¹ Gustafson, *Labour's Path to Political Independence*. pg. 28. Gustafson notes that parliamentary action did become less important to the party as industrial activity increased after 1909 and this activity occupied more time from Socialist party activists.

¹⁴² "What Socialism Proposes. Commonwealth," *Maoriland Worker*, October 20, 1911. pg. 12.

¹⁴³ "Political Pellets," *Maoriland Worker*, July 21, 1911. pg. 8.

¹⁴⁴ New Zealand Socialist Party, "SP Constitution and Platform."

¹⁴⁵ "Political Pellets," July 21, 1911. pg.8.

¹⁴⁶ "Political Pellets," *Maoriland Worker*, September 8, 1911. pg. 8.

Joe Savage, who was later to be New Zealand's Prime Minister, stood on the soapbox for Democratic Socialism.

"Look at my feet," the I.W.W man bawled at the Savage meeting. "I am of the great unwashed. Savage wants to join the middle class." The I.W.W. man took off his shoes and socks from which heels and toes protruded ... The trick caught the audience's imagination: I.W.W. feet, unwashed, versus Socialism in willow-calf boots.¹⁴⁷

Parliamentary Socialism Revisited: The Formation of the Social Democratic Party

In 1912, there occurred a bitter labour dispute at the Waihi Gold Mine. During this period the Reform Party, which represented farming and business interests formed a Government. The Reform Party was led by William 'Bill' Massey, a former farmer who became the new Prime Minister. Massey and Reform were hostile to the increased militancy of the unions which they believed were controlled by the revolutionary socialists and syndicalists.¹⁴⁸ Unlike the previous Liberal Government, who no doubt due to electoral considerations had some hesitation, Reform was not reluctant to use the civil and military forces of the State to resolve the dispute in favour of the employers at Waihi. The Waihi Strike proved to be a turning point for the militants within the labour movement, who up to that point had been successful in gaining better wages and conditions from employers through the use of industrial action. The savagery of Waihi and the hostile mood of the Reform Government convinced moderates and militant labour to find a commonality of purpose politically and industrially.

The Unity Congress, which was held in Wellington in early July 1913, was the culmination of a series of discussions about achieving political and industrial unity. The Congress drew representation from both moderate and radical political organisations. There was some debate on the first day of the Congress as to whether there should be two separate organisations, one political and one industrial, or whether there should be one single organisation dedicated to achieve parliamentary representation and labour objectives.¹⁴⁹ Eventually, the Congress made a decision that there should be two separate organisations. There was a need to have a separate political body which would pursue labour's objectives by securing representation in Parliament.¹⁵⁰ It further resolved that party representatives should be present at all the sessions of the Congress.¹⁵¹

The New Zealand Social Democratic Party (SDP) was established on the final two days of the Congress. The name 'Social Democratic' was chosen over Labour so as to emphasise the Party's wider commitment to changing the nature of society and that its principles and goals were in sympathy with socialism rather than simply achieving Labour parliamentary representation.¹⁵² The Party adopted the objective of the 'socialisation of the means of production, distribution and exchange.' It also presented a 'fighting platform' which committed the SDP to the establishment of a state bank, state coal mines, state farms and

¹⁴⁷ J A Lee, *Simple on a Soapbox* (Christchurch, New Zealand: Whitcombe and Tombs, 1975). pg. 23

¹⁴⁸ Olssen, *The Red Feds*. pg. 11

¹⁴⁹ E.A. Rout, ed., "Report of Proceedings of the Unity Congress July 1st to 10, 1913. Establishing the United Federation of Labour and the Social Democratic Party," in *Unity Congress* (Unity Congress, Wellington, New Zealand: The Worker Print, 1913). pgs. 14 – 16.

¹⁵⁰ Ibid. pg. 16

¹⁵¹ Ibid. pg. 29

¹⁵² Ibid. pg 73

publicly funded health care and education which would be freely available. All of these programmes would be funded through a graduated taxation system and a land tax (which was a concession to the Henry George Single Taxers).¹⁵³

While the majority of organisations at the Congress decided to either formally join or support the new bodies, a significant minority remained hostile and aloof. Delegates from the more moderate unions such as the Amalgamated Society of Railway Servants, former Liberals and Labour MPs, such as Fowlds and David McLaren, and a significant section of the United Labour Party, rallied against what they called the more militant aspects of the new organisations.¹⁵⁴ Along with the three ULP MPs, Hindmarsh, William (Bill) Veitch and John Payne, they resolved to continue with the ULP as a political organisation. The ULP 'rump' and its supporters assailed the new organisations with allegations about their socialistic and militant nature and claimed that their former ULP comrades, who had assisted in the creation of the new bodies, were 'renegades.'¹⁵⁵ Such comments brought angry responses from some of the Party's former leaders who accused the ULP rump of being 'wreckers of unity' and of using 'obstructive tactics.'¹⁵⁶

Social Democratic Objectives: Socialism and Socialisation

The Social Democratic Party appeared to signify a significant move to the political left in comparison to the PLL, the ULP and the first NZLP. Unlike those parties, but in common with the Socialist Party, the SDP spelt out implicitly its commitment to socialism as its objective through the process of socialisation. In much the same way that 'Common Ownership' was a concession to the left and the right of the UK Labour Party, the term socialisation could be perceived as equally open-ended. Aside from the fighting platform, there was no definition of what this actually meant in real terms. Consequently, the debate surrounding the objective tended to be confused, with speakers alleging a number of different explanations.¹⁵⁷ A common theme which does emerge is that the majority of the delegates were not wary of the concept of socialisation; rather they were wary of being defined as 'socialists.' This wariness is evident in several speeches by Congress moderates in which they argued not against the term or even concept of socialisation, but rather its political interpretation.¹⁵⁸ Of the moderates, only JT Paul was prepared to openly voice his opposition to the socialisation objective stating that the objective was a 'source of strife.'¹⁵⁹ When it came to a conference vote, the objective was passed with little resistance.¹⁶⁰

SDP Fighting Platform: Practical socialism

The SDP Fighting Platform, which later was reincarnated as the platform of the New Zealand Labour Party, provides the best indication of what socialisation meant in practical terms. The Platform listed 13 Clauses committing the Party to; Proportional Representation; a Right to Work Bill; a land tax; a graduated tax; direct representation of workers on governing boards; free and secular education from Kindergarten to University; a state owned shipping firm; the

¹⁵³ Ibid. pg. 79

¹⁵⁴ "United Labour Party. Opposed to Revolutionary Methods.," *Grey River Argus*, July 11, 1913. pg. 5.

¹⁵⁵ "United and Reds. Disruption Probable. Aftermath of Conference.," *Grey River Argus*, July 15, 1913. pg. 2.

¹⁵⁶ "Labour and Socialism. Unity and After. Reds V. All Comers," *Evening Post*, July 25, 1913. pg.11.

¹⁵⁷ Rout, "Report of the Unity Congress." pgs. 76 – 78

¹⁵⁸ Ibid. pg. 77

¹⁵⁹ Ibid. pg. 77

¹⁶⁰ Ibid. pg. 78

extension of state insurance; old age pensions; free 'motherhood' endowments; free hospital care for married and unmarried people; pensions for 'all widows, orphans, the blind and "the incurably helpless"; and the repeal of the Defence Act and its replacement with a democratically organised citizen army on a volunteer basis, "which should not be used under circumstances in time of industrial disputes."¹⁶¹ The Congress minutes records that the clauses of the platform were debated at length, at the end of which the Congress approved them in addition to the inclusion of two amendments relating to education.¹⁶² The only really contentious clause was that about defence which 'open[ed] up the whole question.'¹⁶³ Accordingly, it was allotted more speaking time. The next day the Congress approved a further amendment to the platform which committed the Party, "... to take over insurance and banking as sole monopolies of the State."¹⁶⁴

Moderates and Militants: The Illusion of Programmatic Difference

Moderates from the various unions, the New Zealand Fabian Society and the United Labour Party had largely supported the general clauses within the SDP platform without the need to engage in the contentious debate which had occurred over the adoption of the Party's objectives. This occurred because the various organisations actually had similar programmes which supported the extension of the state as a progressive agent for the common good. Even Fowlds, for example, had no problems supporting the ULP's platform which supported the establishment of state ferry services, state colliers, as well as state life, accident and unemployment insurance.¹⁶⁵ The issue for him was not the platform of the SDP, but rather the revolutionary objectives of the industrial body, the United Federation of Labor (UFL).¹⁶⁶

This point can be further emphasised by comparing two of the Party's MPs who came from different ideological backgrounds - Patrick (Paddy) Webb, and the moderate James (Jimmy) McCombs. Webb was elected to parliament as the SDP MP for Grey in a by-election in 1914. He was a foundation member of the Labour Party and later became a Cabinet Minister in the First Labour Government in 1935. He was a former coalminer, an active unionist, a member of the Socialist Party and one of the founders of the Red Feds.¹⁶⁷ In comparison to Webb, McCombs was a progressive Liberal. He had a long association with Liberal-Labour politics and had previously been associated with the progressive Christchurch Liberal-Labour MPs, Henry (Harry) Ell and Thomas (Tommy) Taylor. McCombs had previously stood as an Independent Labour candidate in Christchurch East in 1908 and then as a Liberal-Labour candidate for Avon in 1911, before joining and standing for the SDP in Lyttelton in 1913. McCombs won the seat and was to hold it until his death in 1933.¹⁶⁸ Despite their divergent

¹⁶¹ Ibid. pg. 78 - 79

¹⁶² Ibid. pg. 79

¹⁶³ Ibid. pg. 79

¹⁶⁴ Ibid. pg. 80

¹⁶⁵ United Labour Party, "United Labour Party of New Zealand. Constitution and Platform" (United Labour Party, 1912).

¹⁶⁶ Rout, "Report of the Unity Congress." pg. 73. Fowlds had departed from the Congress prior to the formation of the SDP. In his letter to the Congress of 9 July 1913 he lamented that the UFL had adopted a 'constitution and platform which was distinctly revolutionary.' Consequently, he stated that "it is impossible for me to take part in any political organisation associated with it."

¹⁶⁷ Gustafson, *Labour's Path to Political Independence*. pg. 169

¹⁶⁸ Ibid. pg. 160

political backgrounds, both Webb and McCombs accepted the SDP platform and supported it as candidates in the 1914 General Election.

The Electoral Performance of the SDP and ULP

The success of the SDP as a political vehicle for labour was mixed. It succeeded in bringing together the various sections (radical and moderate) of the labour movement to form a reasonably united political vehicle which could contest elections on behalf of labour. Yet, the SDP did not significantly challenge the Liberal dominance over working-class voters. Additionally, a significant section of the labour movement remained committed to the ULP.¹⁶⁹

By the 1914 General Election the SDP had, despite the difficult financial and organisational circumstances it found itself in, managed to win two by-elections. McCombs was elected in Lyttelton and Webb took the former Liberal seat of Grey. Their election, when added to the SDP's sole MP, John Robertson, lifted the SDP's pre-election total to three seats which was the same as that of the ULP.¹⁷⁰ But, the aftermath of the 1914 General Election reduced the SDP's parliamentary representation to two. McCombs and Webb retained their seats, but Robertson lost Otaki.¹⁷¹ In comparison, the ULP retained its three existing seats and gained one extra with Andrew Walker winning Dunedin South. Overall, political labour had gone into the 1914 election with 6 seats and emerged with the same number.¹⁷²

Conclusion: The Construction of New Zealand's Parliamentary Road to Socialism (1910 - 1915)

Despite the disappointment of the 1914 elections, labour was now committed to the parliamentary route. The failure of industrial action in the 1913 General Strike had degenerated and demoralised the labour movement. Those on the left of the movement who believed that workers' could gain authority through industrial means had been ruthlessly silenced. In the aftermath of the Strike there was a growing recognition by both the right and the left of the labour movement that elections were the means by which labour could attain power. Bolstering this belief, and discussed previously in Chapter One, was that New Zealand was unique amongst industrial nations in having a near universal electoral franchise. If workers' votes could be marshalled by a united socialist /labour party, as was being done by socialist/labour parties in Europe and Australia, then political "revolution" could be achieved. But, such a strategy required political unity. The formation of the Social Democratic Party was the first major footstep down this passage which was to lead to the establishment of the New Zealand Labour Party.

Socialism was not a guiding principle in the formation of New Zealand's labour parties. Rather, the guiding principle was to achieve practical labour aims. The PLL, the LP and the ULP were labourist organisations whose objective was to ensure labour representation in Parliament as a means of gaining practical policies for labour. The labourist perspective of these parties was the result of them being the political arm of established trade unions. As organisations, unions are conservative in their orientation. They seek either the protection

¹⁶⁹ Wilson, *NZPR*. pg. 214

¹⁷⁰ Ibid. pg. 244

¹⁷¹ Ibid. pg. 231

¹⁷² M Bassett, *Three Party Politics in New Zealand; 1911 - 1931*(Auckland, New Zealand: Historical Publications, 1982). pg. 66

or the extension of worker's rights within the capitalist framework. The establishment of labour parties by unions was perceived as a politically practical means by which to achieve those goals.

Although they were not socialist, the parties did, nonetheless, accept that monopoly capitalism played a negative role against labour. Subsequently, they accepted state control and supported increased public ownership of institutions as this allowed labour to challenge the dominance of private capital. As Hindmarsh remarked about the use of the state and the need for public ownership;

I am in favour of the extension of the functions of the State; and if these functions are to be extended it is necessary that their administration should be absolutely just, honest and straightforward.¹⁷³

The labour parties wanted a more just and equal country for labour. Public ownership and state control was a means by which that could be achieved.

Despite their revolutionary banter, neither the Socialist Party nor later the SDP substantially challenged the dominance of capital in New Zealand society either. Ralph Miliband observed that the 'socialistic' programme, '*Labour and the New Social Order*' which had been adopted by the British Labour Party in 1918 merely;¹⁷⁴

... committed the Labour Party to an extension of state ownership (or the socialisation) of mines, banks, and industry. Labour also supported workers representation. The Party endorsed a graduated tax system which it would use to fund state owned school and hospitals, in addition to increased pensions and benefits for workers. While these commitments all constituted a significant shift from the established economic and social norms, the overall effect of Labour's programme would have left the bulk of the means of production, distribution and exchange in private hands.

In much the same manner that the United Kingdom's commercial and economic base would have remained in the hands of private entrepreneurs under a Labour Government, a similar situation would have occurred in New Zealand under a Socialist or an SDP administration. There would have been little genuine difference to the manner in which economic policy was conducted. Such a conclusion is demonstrated more aptly when one considers that much of the SDP's Platform was consequently implemented by various Governments over the next decades without the demise of capitalism. A number of clauses such as the Right to Work Bill, pensions and benefits formed the backbone of the Keynesian-based Welfare State, which the Labour Government introduced in 1935.

The labour parties and, later, the SDP, believed that the state could be controlled or made to pursue labour or socialist aims if it was controlled by labour or socialist governments. Subsequently, although the Socialist party and the SDP subscribed to socialism, they also subscribed to a labourist statist platform. While labour parties like the ULP disagreed with

¹⁷³ *New Zealand Parliamentary Debates*, vol.157. pg. 167

¹⁷⁴ R Miliband, *Parliamentary Socialism. A Study in the Politics of Labour* (London, England: Merlin Press, 1972; repr., 1979). pg 61

socialism, their platforms were similar to those of the radicals. The similarity in their basic platforms was one of the principal factors that allowed the parties to overcome their philosophical differences and be able to cooperate and work together.

Chapter Three: The Journey to the Holy City¹⁷⁵

Introduction – The Relationship of Socialism with the New Zealand Labour Party

At its formation in 1916, the Labour Party committed itself to the achievement of socialism. This was listed in the party's objectives as 'the socialisation of the means of production, distribution and exchange.' Speaking at a public meeting in late July 1920, Labour Member of Parliament¹⁷⁶ Peter Fraser, who at that time was still classed as a militant in Labour's parliamentary ranks, reasserted Labour's commitment to socialist goals. He went on to observe that while the Party stood for a 'sound system of socialism,' it remained as 'extreme as any other socialist party.'¹⁷⁷ This chapter will examine the NZLP's socialist relationships with actual socialism(s) as they existed immediately prior and after World War One. Was Labour a socialist party because it actually was socialist? Or, was it a socialist party simply because it labelled itself as such? Further, how extreme were some of those other 'socialist parties' that Fraser was comparing the Labour party to?

Labour as a Militant Socialist Party – Socialism and the Labour Party?

To Labour's opponents the political and philosophical position of Labour was very clear. Labour was an 'extremist' socialist party. In the 1919 General Election, the first that the Party contested at a national level, the Reform (Conservative) and Liberal Parties and the majority of New Zealand's press termed the party and its candidates as 'extreme Labour', they depicted the Labour Party as the Party of Bolshevism and as the harbinger of revolutionary socialism. Labour candidates were presented by their political opponents and by most of the popular media as using the elections as pretence for their ultimate aim which was the establishment of a socialist state similar to that which had been created in Russia as a consequence of the Bolshevik revolution. While Labour candidates might appear respectable, their opponents alleged that in actuality they were hiding their true Bolshevik motives from public view and scrutiny. Despite the public persona presented by MPs such as Hindmarsh and, the Dunedin North member Andrew Walker, senior Party members, such as Labour Party President and Labour member of the Legislative Council, J T Paul, and its more prominent candidates such as Michael Joseph Savage, James McCombs, Daniel Sullivan and William Jordan, the New Zealand Labour Party was the New Zealand representative of Vladimir Lenin and the Russian Bolsheviks.

These allegations were provided with a degree of substance due to the actions and activities of some of Labour's representatives. One of the more notable was Henry 'Harry' Holland, who was later to succeed Hindmarsh as the chair of the Labour caucus in the House of Representatives and the Party's first official Leader. Holland, who was a known labour militant and who strongly promoted his and the Party's commitment to socialism, entered Parliament

¹⁷⁵ This title had been adapted from a title for a column written by 'the Vag', or Edward 'Ted' Howard (later the Labour MP for Christchurch South). Holy City. (1916, September 16) *The Maoriland Worker*.

¹⁷⁶ Until 1951 the New Zealand Parliament consisted of two chambers. A Lower elected House of Representatives and an Upper appointed chamber, known as the Legislative Council. Members elected to the Lower House were known as MHRs (Member of the House of Representatives) while those people appointed to the Upper House were MLCs (Members of the Legislative Council). The Legislative Council was abolished in 1951. For the purposes of this thesis all parliamentarians of the House of Representatives will be labelled as MPs (members of Parliament).

¹⁷⁷ New Zealand Labour Party – Mr Fraser Replies to Critics (1920, August 11) *The Maoriland Worker*.

as the result of a by-election in the Grey electorate. In his maiden speech to the House of Representatives in October 1918, Holland stated forcefully that the Labour Party came into the House, “boldly declaring the socialist objective of the Labour movement in New Zealand.” Labour would, according to Holland, replace the two old Parties of Reform and Liberal and take its rightful place on the Treasury benches, whereupon it would implement a socialist programme.¹⁷⁸

Holland was consequently joined by three other labour radicals, Robert ‘Bob’ Semple and Peter ‘Pat’ Fraser, also as a result of by-elections.¹⁷⁹ Holland, Semple and Fraser shared common history and beliefs. They were all working class. They were all educated in the political and economic thoughts of socialist and labour thinkers and writers, especially those of Karl Marx. They all agitated for socialism, decried capitalism and emphasised the political liberation of the working classes which socialism would achieve. They had all been intimately involved in the leadership of the Socialist Party, the Social Democratic Party and, the infamous ‘Red’ Federation of Labour (‘Red Feds’). They had all played significant roles in the industrial and political unrest of the early part of the decade. Lastly, all of them had spent time in goal as a result of their various political and industrial activities. As far as Conservatives, Liberals and the editorial writers of the popular press were concerned the actions and statements of these militants inside and outside of Parliament established Labour’s Bolshevik tendencies beyond doubt. They provided ample evidence that Labour was a revolutionary socialist organisation dedicated to achieving revolutionary socialist aims.¹⁸⁰

Yet, the socialist objective of the Labour Party was not as clearly defined as its opponents, or indeed, some of its supporters believed. In actuality, Labour’s commitment to a definitive concept and programme of socialism was an illusion. Although Labour party representatives like Holland made bold statements at public meetings, in the press and, in Parliament about the Party’s socialist objective and what it meant, the actual ideological position of the Party was more fluid. The pages of Labour party owned papers like the *Maoriland Worker* (which was later known as ‘The NZ Worker’ and later still as ‘The Standard’) and the *Grey River Argus* and the utterances of Labour parliamentarians and speakers offered other perspectives and opinions on the nature and role of socialism and its implementation by a Labour government. These comments and observations were often couched in moralistic terms which proclaimed the morally uplifting and democratic system of socialism, while denouncing the moral, political and economic depravity of capitalism. Programmatically, Labour speakers offered a series of broad platform planks rather than definitive policies. While, the speakers might speak of socialism and industrial and popular democracy, the party’s actual platforms increasingly tended to reflect the policies of a state led, radical Liberalism.

¹⁷⁸ *New Zealand Parliamentary Debates* (Vol. 183.). (1918). Wellington, New Zealand: WAG Skinner, Government Printer. pg. 92. Holland remarked that the purpose of the Labour Party was to “... endeavour to effect a change of classes at the fountain of power. We come proclaiming boldly and fearlessly the Socialist objective of the labour movement throughout New Zealand; and we make no secret of the fact that we seek to rebuild society on the basis that work and wealth will be the measure of a man’s worth.”

¹⁷⁹ Gustafson, B. (1980). *Labour’s Path to Political Independence – The Origins and Establishment of the New Zealand Labour Party 1900 – 19*. Auckland, New Zealand: Auckland University Press. pg.137.

¹⁸⁰ Holland, in particular, was not averse to propounding Marxist philosophy in parliament or in his speeches. While, Fraser caused much disquiet within the Parliament, the media and his own Party when he praised the Bolshevik revolution and indicated that Capitalism would ultimately be overtaken by Communism. Cf. Mr Fraser replies to Critics. (1920, August 11). *Maoriland Worker*.

Karl Marx reputedly remarked that he was glad that he was not a Marxist as a result of disagreements with self-termed French Marxists.¹⁸¹ As Marx and other socialist writers then and since have acknowledged, socialism was an elastic ideology.¹⁸² While the Labour party might be labelled as a socialist party that did not mean that it necessarily had a clear sense of purpose and practical direction as to what socialism meant or how it could be achieved. To many people in the Labour Party and the wider labour / socialist movement, socialism actually encompassed a number of viewpoints, positions and goals. While the meaning of the term might have been clear to Holland, Semple and Fraser, it was not so precise in its comprehension and detail to others.

Socialist Differences within Labour Parties – Socialism as a fluid Doctrine

The New Zealand Labour Party, and other Labour Parties, had a strategy in terms of their relationship with and to, socialism. That strategy was to leave the term as vague and therefore as inclusive as possible. Although, Labour Parties in New Zealand, the United Kingdom and later, Australia adopted socialism as their objective there was no clear definition of what the term actually meant.¹⁸³ This vagueness was deliberate and primarily due to two reasons. The first was because socialism as a philosophy incorporated a variety of different beliefs and objectives. The second (and related) reason was as a deliberate ploy to maintain political peace within the Parties by placating the various individuals and groups.

In the context of the Labour Party, as Anthony Wright observes, it is more correct to talk about 'socialisms' rather than a singular form of socialism.¹⁸⁴ An indication of the number of 'socialisms' advocated by individuals and groups is found in the early debates within the labour movement, the early labour parties¹⁸⁵ and, finally, within the Labour Party itself after its formation. For some within the Labour Party, socialism was indicative of a society in which capitalism was replaced, either gradually or rapidly, by a social system in which workers managed and administered society for their own ends. This came to be increasingly

¹⁸¹ Engels to Eduard Bernstein in Zurich (n.d.). Letters of Frederick Engels 1882. Retrieved from http://www.marxists.org/archive/marx/works/1882/letters/82_11_02.htm#356. This passage was originally sourced from *Marx – Engels Collected Works* (Vol. 46). (1924). Moscow, USSR: Marx Engels Archives. Pg. 353. Engels was writing to the German Socialist, Eduard Bernstein and made an observation that, "What is known as 'Marxism' in France is, indeed, an altogether peculiar product — so much so that Marx once said to Lafargue: 'Ce qu'il y a de certain c'est que moi, je ne suis pas Marxiste.' [If anything is certain, it is that I myself am not a Marxist]."

¹⁸² Beilharz, P. (1992) *Labour's Utopias – Bolshevism, Fabianism, Social Democracy*. London, England: Routledge. pg. 1.

¹⁸³ In the case of the New Zealand Labour Party and the Australian Labor Party, socialism was to be achieved by the 'socialisation of the means of production, distribution and exchange.' *New Zealand Labour Party Constitution and Platform*. (1919) Wellington, New Zealand: Worker Print. For the Australian Labour Party (ALP) see, Dyrenfurth, N & Bongiorno, F. (2011). *A Little History of the Australian Labor Party*. Sydney, Australia: The University of New South Wales Press Ltd. pg. 69. The ALP immediately upon passing the socialisation objective then moved an amendment (The Blackburn Declaration) clarifying what it meant by the term. In the case of the British Labour Party see; Laybourn, K. (2000). *A Century of Labour – A History of the Labour Party*. Stroud, England: Sutton Publishing. pgs. 30 – 33.

¹⁸⁴ Wright, Tony. (1996) *Socialisms: Old and New*. London, England: Routledge. pg. 2.

¹⁸⁵ I have used the term labour parties to describe as a group, the various Labour and Socialist parties which existed before the formation of the New Zealand Labour Party in July 1916. Used in this context, this grouping includes the Independent Political Labour Leagues, the New Zealand Socialist Party, the first New Zealand Labour Party and its successor, The United Labour party and the Social Democratic Party in addition to the Independent Labour MPs.

associated with Marxism and European forms of socialism or social democracy. For others, socialism was a society in which the worst effects of capitalism, 'the dark satanic mills' of William Blake were ameliorated by a more rational, responsive, caring, benign and democratic society, which encouraged workers and rewarded enlightened capitalists. To still others the socialist philosophy had its roots and morals in the teachings of Christ. Christian socialists formed an influential section of the socialist and labour movement.¹⁸⁶

Socialism as a 'Concrete' Doctrine

Over a period of time the concept of what constituted socialism within the Labour Party became increasingly defined. The term became synonymous with the principle of public or state ownership and regulation. The idea that private ownership was conducive to economic and social chaos and dislocation had been a common theme amongst socialists and labourites of various hues for a number of years prior to the formation of Labour Parties. Sidney Webb for example had advocated the administrative success of public ownership in his 1899 Fabian tract, *'Socialism in England.'*¹⁸⁷ Webb noted that it was only due to the organisation promoted by public ownership that innovation and improvements in industry and social standards had been achieved. He went on to applaud the magnificent effects of nationalised assets and public ownership had on communities and the removal of the wasteful effects of private enterprise.¹⁸⁸

New Zealand based socialists were no less convinced of the need of socialised public ownership as a remedy to the misuse and inefficiency of capitalism. Reeves, who was later Minister of Labour in the Liberal Governments of Ballance and Seddon and a member of the New Zealand branch of the Fabian Society, expressed this point of view in his anonymous columns to the Lyttelton Times in 1890.¹⁸⁹ Even the moderate first New Zealand Labour Party

¹⁸⁶ Sinclair, K. (1976) *Walter Nash*. Dunedin, New Zealand: John McIndoe Ltd. pgs. 24 – 5. The Labour Party's second General Secretary and later Minister of Finance, Walter Nash was a Christian Socialist. Nash emphasised the teachings of Christ as the means by which socialism could have a practical and moral programme of reform. In a letter to a friend, Nash observes that "Everyone agrees that Socialism is right if it can be worked. If it is right it can be worked. If it is right then it is Christian. If it is Christian it will be worked because Christianity – Love must win." Nash was not alone in his beliefs. Dan Sullivan, Herbert 'Tim' Armstrong, Patrick O' Regan, Mark Fagan and others were practising Catholics (which led to accusations that the Labour Party was Papist). Holland was a former member of the Salvation Army. This Christian influence was reflected in Labour's phraseology which was couched in words and language drawn from the bible. Gustafson, B. *Labour's Path to Political Independence – The Origins and Establishment of the New Zealand Labour Party 1900 – 1919*. Auckland, New Zealand: Auckland University Press. pg. 120. In the 1930s, Savage returned to his Christian and Catholic background and used the Christian message to encourage and explain Labour's policy and later, its legislative reforms in Government. Cf. *New Zealand Parliamentary Debates* (Vol. 251.). (1938). Wellington, New Zealand: WAG Skinner, Government Printer. pg. 649. While, the most notable of his Christian references was the use of the phrase 'applied christianity' to describe the functions and philosophy of Social Security, Savage's speech in favour of the Social Security Bill was full of references to social security being a fulfilment of Christian ethics. Leading Savage to ask the Leader of the Opposition, Adam Hamilton "What is there more valuable in our Christianity than to be our brother's keepers in reality..."

¹⁸⁷ Webb, Sidney. (1890) *Socialism in England*. London, England: Swan Sonnenschein and Co. Also, Webb, Sidney. (1916). *Towards Social Democracy? A study of social revolution during the past three-quarters of a Century*. London, England: Fabian Society.

¹⁸⁸ Webb, Sidney. (1890) *Socialism in England*. pp. 81 – 97.

¹⁸⁹ Reeves, W P. (1971) Reeve's Articles on Socialism and Communism, 1890. In W D McIntyre & W J Gardner (Eds.). *Speeches and Documents on New Zealand History*. (pgs. 191 – 195). London, England: Oxford University Press.

in 1910 had committed itself to the “... gradual public ownership of all the Means of Production, Distribution and Exchange”.¹⁹⁰ That the New Zealand Labour Party should emphasise the positive role of public enterprise and ownership as a central component of its socialist vision in its founding platform was a continuation of that line of political thought.¹⁹¹

During the economic slumps and booms of the 1920s and the Great Depression of the 1930s, Labour politicians became increasingly prone to argue that the capitalist economic dislocation and chaos was largely a consequence of the private ownership of distribution and production. They asserted that this problem could be rectified by the public control of what the Bolshevik leader Lenin apparently euphemistically labelled as the “commanding heights of the economy”.¹⁹² Public or ‘social’ ownership of these key assets, Labour asserted would usher in better administration and better economic and social practices. These in turn would resolve the numerous crises that beset the capitalist economies, in addition to ensuring a democratic society and a higher standard of living and quality of life for all people.¹⁹³

Socialism also became associated with the concept of economic intervention by the State to achieve economic and social objectives. While, forms of state or government intervention had been used previously, these had usually served the interests of the governing elite or ensuring the defence of the realm during war. However, in the latter nineteenth century Governments began to increasingly use economic intervention to redistribute economic and social wealth as a means of alleviating poverty and distress and to ensure better standards of living for society at large. Initially, it was the Liberal Parties who pioneered and pursued the policies of economic and social intervention. Whereas previously, Liberals had argued for individualism in economic and social spheres (classical liberalism), Liberal philosophers such as T.H. Green, LT Hobhouse, J Hobson and F.H. Bradley argued that for the individual to prosper, they had to be freed from the conditions of poverty, want, scarcity, idleness and ignorance.¹⁹⁴ This cache of ideals and practices became known as social liberalism and were at the nucleus of Liberal philosophies, politics and economics for a significant proportion of the twentieth century. In the same way that the social liberals had been influenced by early socialists, such as Owen and the Chartists, they were to influence ethical socialist thinkers such as R. H. Tawney. In the United Kingdom and New Zealand it was Liberal administrations which were at the forefront of using economic intervention to attain degrees of economic and social equality and thereby improving the life chances of their populations.

Despite the Liberal party’s social philosophies and programmes, increasing intervention in both the social and economic spheres was associated with socialism not with liberalism. This was due to several reasons. Firstly, it related to the philosophical nature of socialism, whose themes were one of selflessness, cooperation and collective action rather than individualism and competition, which were seen as the products of capitalism. Socialism was perceived as

¹⁹⁰ New Zealand Labour Party – Objective and Platform. (1910). *Wellington Main Branch of the NZ Labour Party*

¹⁹¹ The Labour Party’s Programme. (1919, September 3) *Marlborough Express*. The Marlborough Express was the only paper in the Country to print the Labour Party’s 1919 Election Platform in full.

¹⁹² Priestland, D. (2009) *The Red Flag – A History of Communism*. New York, United States of America: Grove Press. pg. 100.

¹⁹³ New Principles in Prevailing Economic System. (1930, April 30) *The New Zealand Worker*.

¹⁹⁴ Lindsay, A D. (1934) T H Green in FJC Hearnshaw (Ed.), *The Social and Political Ideals of Some Representative Thinkers of the Victorian Age* (pgs. 150 – 164). London, England: George G Harrap and Company Ltd. For a more critical analysis of Green’s influence over Liberal theory see; Bellamy, R. (1992) *Liberalism and Modern Society*. Pennsylvania, United States of America: The Pennsylvania State University Press. pgs 35 – 47.

the opposite of capitalism and socialists were at the forefront of calling for use of the state as a collective agency to deliver economic and social equality and justice. Lastly, there was the nature of the Liberals. Liberal parties were capitalist parties, which despite their progressive economic and social programmes, endorsed the capitalist system.

By the end of the nineteenth century, it appeared that even conservatives had succumbed to the use of government intervention and planning. The greater use of state intervention and legislative control over areas that had traditionally been administered and organised by private individuals and organisations by both Liberal and Conservative administrations in the United Kingdom and, in its Dominions such as Australia and New Zealand, combined with the pace of social change was so significant that reputedly no less a figure than King Edward VII was prompted to observe, “[t]hat we are all socialists now”.¹⁹⁵ In 1912, Hindmarsh, the Independent Labour MP for Wellington South, made a similar observation in relation to the programmes of New Zealand Governments. Hindmarsh observed that state intervention and control of the economy as a means of developing infrastructure and improving society had been used by successive Governments regardless of their political creed.¹⁹⁶ Hindmarsh’s observations were to be echoed in Labour speeches in the following decades as Labour MPs asserted that the Labour Party’s programmes were in line with the historical development of New Zealand’s political economy.¹⁹⁷

The Growth of Labour Parties

The last years of the nineteenth and the opening years of the twentieth century saw an increase in working class militancy in the United Kingdom, Australia and New Zealand. This was reflected in the rapid growth of Trade Unions which sought to represent unskilled as opposed to skilled workers. It was also reflected in the formation of political vehicles such as the Social Democratic Federation (SDF) and the Independent Labour Party (ILP) in the UK, the formation of Labour parties in Australia and the establishment of the Socialist Party and Independent Political Labour Leagues in New Zealand.

While the increase in industrial agitation and working class organisations may not have been socialistic, they did reflect a growing desire by a significant proportion of the Labour movement in these countries to pursue their own agenda and programme as distinct from those of the established Guilds and Labour organisations and more, importantly, the Liberal Party. This desire was not limited solely to labour radicals as even working class moderates supported the demand for independent political representation for Labour.¹⁹⁸ But, while there was an upswing in working class militancy, it was not reflected in electoral support for

¹⁹⁵ This quote is commonly associated with Edward VII who reputedly said it at dinner at Mansion House in London in 1895, while he was still the Prince of Wales. However, it is matter of some contention as to whether he actually said it and in what context. Roy Hattersley quotes an observation made by Sir Charles Dilke, a personal friend of Edward, who remarked that “The Prince is, of course, a very strong Conservative....” Cf. Hattersley, R. (2004). *The Edwardians: Biography of the Edwardian Age*. London, England: Abacus. pg. 37.

¹⁹⁶ NZPD. (Vol. 159). pg. 356. Hindmarsh’s comments arose during the regarding the Government’s financial statement for 1912. He observed that Governments and MP’s of all persuasions had been socialist and used ‘socialism’ in the past as a means of furthering economic and social development or their own self interests.

¹⁹⁷ Lee, J.A. (1938) *Socialism in New Zealand*. London, England: T. Werner Laurie Ltd. pp. 8 – 9. One of the penultimate uses of this argument that public ownership and spending equalled socialism was found in the book on the subject by Labour MP, John A Lee.

¹⁹⁸ *Whither? Labour’s Future. Parliamentary Representation. A Plea for Workers*. (1909, October 28). Evening Post. pg. 2.

independent Labour parties. Only in Australia did the Labor parties succeed in offering a popular and dynamic challenge to the existing political culture. In the UK, the Labour Party despite having steady growth in the years preceding the First World War was seen as little more than an adjunct of the Liberals and was dependent upon the support of that party, with which Labour had an electoral arrangement.¹⁹⁹ In 1910, the party only had 42 MPs out of a total of 670 seats in the British parliament and 6.4% of the total vote cast.²⁰⁰

In New Zealand nascent working class parties, such as the first Labour Party, which was later to morph into the United Labour Party and the Socialist Party could not electorally challenge the electoral dominance or political hegemony of the existing Liberal Party. By 1914, the total number of votes received by the Social Democratic Party and United Labour Party Remnant combined amounted to 44028 votes in total or 8.14 percent of the total vote. This was only an improvement of 4342 votes over the number of votes received by Labour/Socialist Parties in the December 1911 Election. This was in comparison to the Liberal's vote of 227 631 or 42.14 percent of the electorate.²⁰¹ Only in Australia did Labour make the great electoral breakthrough that it so desired, achieving government at both state and federal levels prior to 1914.

However, the New Zealand Labour party did steadily progress in the years after its formation in 1916. From its first tentative representation in parliament after its formation of five MPs who agreed to caucus together, it progressed to eight MPs in 1919, and continued to gain in representation and votes throughout the 1920s. By 1925, it had edged ahead of the National (Liberal) party in terms of numbers of MPs and percentages of the votes. Labour gaining twelve MPs to the National party's eleven and 27 percent to that party's 20.73 percent.²⁰²

Labour Parties as the Representative of the Workers

Yet, even though Liberal Parties might have considerable working class support and social liberalism became the prevailing progressive force within the British Empire, Liberal parties were not the authentic representative of labour. While, the various Liberal parties might propose policies and implement programmes designed to reduce inequality, only Labour and Social Democratic Parties professed to represent socialist views and the interests of workers. Liberal Parties and Liberal-Labour MPs might recognize labour and implement progressive policies to alleviate labour's lot, but they were ultimately at the beck and call of capital.²⁰³ As

¹⁹⁹ Miliband, R. (1972) *Parliamentary Socialism – A Study in the Politics of Labour*. (2nd ed.). London, England: Merlin Press. pg. 20.

²⁰⁰ Clarke, Peter. (1996) *The Penguin History of Britain: Hope and Glory – Britain 1900 – 1990*. London, England: The Penguin Press. pg. 406.

²⁰¹ Bassett, M. (1982) *Three Party Politics in New Zealand 1911 – 1931*. Auckland, New Zealand: Historical Publications. pg. 66. Bassett notes that in the December 1911 second ballot election, the Labour/Socialist Parties and groups amassed a total of 39,686 votes or 7.86 percent of the total votes cast. While in the 1914 Election, the ULP and independent Labour candidates received 25,369 votes, while the SDP gained 18,659 votes; a combined total of 44028 votes. The total percentage of both groups was 8.14 percent of the total number of votes cast. This amounted to an increase of 4342 (0.98 percentage) voting difference between the results of the 1911 and 1914 elections.

²⁰² Bassett, M. (1982) *Three Party Politics in New Zealand 1911 – 1931*. pgs.35 - 37.

²⁰³ Labour and the Election. (1919, November 18). *Grey River Argus*. Holland speaking during at a public meeting at Greymouth during the 1919 election campaign stated that Downie Stewart, who was a senior member of the Reform Party and MP for Dunedin West had "... frankly declared that the fight between the Reformers and the Liberals was only a 'sham' fight – that their interests were practically identical." Fundamentally, Holland stated, "... there was no difference between the two parties opposed to Labour."

Dangerfield noted in his classic work '*The Strange Death of Liberal England*,' this became one of the central dilemmas of Liberal Parties.²⁰⁴ Liberal parties were caught between competing and conflicting ideals and desires as a result of their class base which encapsulated business, farmer and worker interests. Labour speakers asserted that due to this philosophical and economic contradiction the Liberals were unable to press forward with those reforms which Labour needed. Therefore, only those parties that independently represented labour could lay claim to being able to pursue labour objectives and programmes.

Communist and Left Criticism of Labour Parties

In the aftermath of the 1917 Bolshevik revolution in Russia and the formation of affiliated communist parties elsewhere, Social Democratic and Labour Parties were subjected to similar criticism. The Bolsheviks criticised Labour and Labour Parties, alleging that only they were the true representatives of socialism and the working classes. Lenin described the UK Labour Party (and in association other labour Parties) as a two class party which deceived workers.

The British Labour Party, which exists side by side with the opportunistic Independent Labour Party and the Social Democratic Party, is something in the nature of a broad labour party. *It is a compromise between a socialist party and non-socialist trade unions.* [italics mine]²⁰⁵

From Lenin's perspective and that of other Communists, while Labour parties might be representatives of labour, they were ideologically a broad church rather than a singular socialist organisation.

This point of view had been recognised within the labour movement and by the various labour parties prior to the formation of the New Zealand Labour Party in 1916. There was recognition that there were significant numbers of workers and Unions who were suspicious of or openly hostile to the notion of socialism. The Independent Political Labour Leagues (IPLL), the first Labour Party and the United Labour Party did not commit themselves to a radical or a concrete version of socialism. They had no conception of what the term meant and they were primarily a party formed from the Unions, many of whom were not socialists and merely sought practical reforms for the betterment of labour.²⁰⁶ Socialism was not on

²⁰⁴ Dangerfield, G. (1961) *The Strange Death of Liberal England*. New York, United States of America: Capricorn Book. pg. 8. Dangerfield's opinion is that despite the Liberal Party's increasing commitment to economic and social investment and intervention in the late nineteenth and early twentieth century that they were increasingly out of their depth as the new century progressed. By 1910, Dangerfield remarks, "...the [British] Liberals could no longer advance; before them stood the barrier of Capital which they dared not attack..." Similar observations could be made in relation to the demise of the New Zealand Liberal Party, which had been in power since 1891. The NZ Liberals had introduced a number of social and economic reforms which had benefited workers and unions in their twenty one years in government, but by 1912 they were programmatically exhausted. For a discussion regarding the demise of the NZ Liberal Party see; Hamer, D. (1988) *The New Zealand Liberals- The Years in Power, 1891 – 1912*. Auckland, New Zealand: Auckland University Press. pgs 341 – 360.

²⁰⁵ Lenin, VL. (2004). *The British Labour Party Conference*.

Retrieved from; <http://www.marxists.org/archive/lenin/works/1913/feb/06.htm>. This was originally printed as; *The British Labour Party Conference*. (1913, February 6). Pravda.

²⁰⁶ New Political Labour Party (1909, July 29). *Colonist*. See also; Mr Fowlds Explains – Only Thing to Save Civilisation (1912, July 31). *Evening Post*.

the political or economic agenda for these groups or individuals, many of whom had links to and with the Liberal Parties or with Liberal organisations.

In 1913 at the Unity Congress called by labour, socialist and progressive organisations to forge industrial and political unity in the aftermath of the General Strike, Liberal supporting organisations and individuals walked out due to their disquiet about the socialist militancy of the proposed programmes.²⁰⁷ In 1916 unity was only achieved due to the antagonism that labour had towards the National Government and its attitude regarding conscription during the First World War rather than a desire to implement a socialist agenda. Although Labour was a class based party, in that its leaders and membership were largely drawn from the working class, this did not translate into a philosophical unity amongst them.²⁰⁸ In common with the British Labour Party, the New Zealand Labour Party represented a number of disparate views, some of which were diametrically opposed to the other.

‘As extreme as any other Socialist Party’ – Comparisons with Australian and British Labour Parties

When Fraser asserted that the New Zealand Labour Party was as ‘extreme’ as any other socialist party, he was referring to the party’s Labour and Social Democratic counterparts. The British and Australian Labour Parties had close connections with the New Zealand Labour Party. Historically and politically the three countries shared much in common. Australia and New Zealand were British Dominions within the British Empire. Despite having their own parliaments, both countries were still subject to administrative and policy oversight by the Imperial parliament sitting in Westminster. The developing political and parliamentary structures and procedures of both Australia and New Zealand reflected the political and parliamentary makeup and traditions of the British parliament. Most European settlers resident in both Australia and New Zealand had emigrated (either voluntarily or forcibly) from the British Isles.

Labor was very active in Australia in the 1880s and 90s, particularly after the debacles of several strikes in this period. Consequently, branches of the Australian Labor party were formed in the various states in the 1890s and the Federal Labor party was formed in 1901. The leadership of the New Zealand Labour party had been involved in the Australian Labor party or in the various Australian socialist organisations in its formative years. Many senior Labour people, such as Holland, Webb, Parry, Semple and Savage had emigrated from Australia to New Zealand. The scope of this emigration was reflected in the composition of

²⁰⁷ *Report of Proceedings of the Unity Congress held in Wellington July 1st to 10th, 1913 – Establishing the United Federation of Labour and The Social Democratic Party* (1913). Wellington, New Zealand: The Worker Print. See in particular the comments by the former Liberal MP George Fowlds pg 26 and his letter of withdrawal from the Congress pg 73. Also, the withdrawal of M J Mack and the ASRS Executive pg. 63 and that of former Labour MP, D McLaren on the basis that he would “...not be able to support the constitution adopted by the Congress...” pg. 86.

²⁰⁸ New Zealand Parliamentary Debates (Vol.179.).pgs. 562 – 563. The parliamentary Labour Party was in a state of considerable unrest by the end of 1917. Webb was in prison, McCombs had resigned over prohibition, Vetch had become an Independent Labour MHR and Hindmarsh was alleged to be on the verge of joining the Liberals. Consequently, it was alleged by Richard McCullum MP that the Labour Party was “represented in this House today by only one member...” Walker disputed the allegations and stated “As secretary of the Party, let me say that I have no intimation of any succession from its ranks...” Walker’s rebuttal is found on pgs 742 – 3 of the same volume.

the first Labour Cabinet in 1935 which was a mixed group of six natural born New Zealanders, six Australians, one Englishman and one Scot.²⁰⁹ By 1929, the Australian Labor Party had formed Governments at state and federal levels a number of times and was responsible for a series of economic, social and industrial programmes which had benefited workers.

However, it was the British Labour party which the New Zealand Labour party appeared to have the closest political and philosophical connections. The British Labour Party was the largest and the most prominent of the Labour parties in existence at the time. Yet, despite this achievement it had only been in Government briefly in 1924 and, then again, in 1929. Nonetheless, the New Zealand Labour party gave a great deal of importance to the comments, actions and programmes of its British counterpart in its newspapers and political speeches. Doubtless, much of the British party's prominence and importance was due to the deference which a number of Labour party people had toward the United Kingdom. The United Kingdom was described as 'Home' in popular and labour publications and by Labour speakers.²¹⁰ The British Labour Party was perceived as a significant political body which had achieved representation in the Imperial parliament and had a noteworthy role in progressive politics. The British Labour party also had the largest number and variety of socialist and progressive groups within it. The philosophical influence of these groups, even in New Zealand, was considerable. Additionally, British Labour Party speakers came to New Zealand and New Zealand Labour would use ILP pamphlets for its recruitment and information.²¹¹

'As extreme as any other Socialist Party' – Comparisons with the European Social Democratic Parties

There needs to be a distinction made between Labour Parties and those of European Social Democratic parties. While, many of Labour's supporters and opponents equated the two together, there was an ideological and philosophical difference between the type of socialism pursued by the Social Democratic Parties of Europe and the Labour Parties of New Zealand, Australia and the United Kingdom.

The emerging European Social Democratic parties were the result of agitation by a collection of individuals and groups within the socialist and labour movements against largely autocratic and unrepresentative governments. Unlike, Labour parties who came to adopt socialism as a political and ideological creed over a period of time, European Social Democratic parties adopted socialism at their formation. As the parties further politically developed they increasingly adopted a strict Marxist analysis of their role and situation. In the years prior to

²⁰⁹ Gustafson, B. (1986). *From the Cradle to the Grave – A Biography of Michael Joseph Savage*. Auckland New Zealand: Reed Methuen. pg. 178.

²¹⁰ The New Zealand Worker in particular was enamoured of the British Labour Party. The paper dedicated pages to the British Labour Party and its various political and philosophical announcements on an ongoing basis, printing articles and observations by various British MPs and British Socialists such as Webb and Shaw. In the aftermath of the 1924 and 1929 UK Elections, complete page of The Maoriland Worker and later the NZ Worker were given across to praising MacDonald and the Labour Party. In the 1929 edition this was done on the front page of the paper and, then in its succeeding pages. The First Labour Prime Minister of Great Britain. (1924, January 30). *The Maoriland Worker*. Also; Again in Power in Britain. (1929, June 12) *The New Zealand Worker*.

²¹¹ Nash to Jordan, Correspondence, 24 January 1925. Nash, who was the Labour Party General Secretary in 1925, suggested to Jordan that Montgomerie, who was the Party's candidate for the Franklin By-election, be provided with socialist material issued by the ILP for educational purposes, "... as it is necessary that the real purpose of the party should be understood." [Italics mine].

World War One and in its aftermath, Marxism came to dominate the European Social Democratic political perspective.²¹² Not content with merely having public control or administration of the economy, Social Democratic parties came to support and promote policies that called for direct worker control of the political system.

Yet, even though Social Democrats might have largely adopted a strict Marxist interpretation of socialist objectives and programmes, which far outpaced that of the Labour Parties, they did not seek to realize them. When the German Social Democrats finally achieved Government in 1919, they were accused of imitating past capitalist administrations in terms of their policies and programmes.²¹³ Even the objective of workers control was never seriously contemplated. In the aftermath of World War One there were attempts to impose such a programme at a lander or city level. However, they were either politically undermined or were forcibly suppressed by troops who were under the direction of the new federal SDP Government in Berlin.²¹⁴

Perhaps the real Social Democratic success story in Europe owed less to the mass Party created by the Germans and more to slow and steady development of the Swedes. The Swedish Social Democrats, the Sveriges Socialdemokratiska Arbetareparti (SAP) was formed in the 1890s and like its Social Democratic counterparts adopted a Marxist objective and programme. However, unlike them and like the UK and New Zealand Labour Parties, the SAP became more interested in achieving practical reforms rather than the imposition of the workers state. During the early twentieth century, the SAP increasingly came to endorse and adopt an ideological and programmatic position that was remarkably similar to the programme adopted by the New Zealand Labour Party and would later become identified with post World War Two Social Democracy – Regulated economies, full employment and a generous and expansive welfare or social security system.²¹⁵

²¹² Sasson, D. (1996) *One Hundred Years of Socialism – The Western European Left in the Twentieth Century*. New York, United States of America: The New Press. pg.9. The German SDP was described as being a model of Marxism and the template for other European Social Democratic parties. Yet, Marx was sceptical of the Party's original programme and policies. The Critique of the Gotha Programme provides a clear indication of Marx and Engel's thoughts regarding the proposed platform of the new party. Marx was caustic regarding the Party's foundation document, the Gotha programme, which was adopted by the Party in 1875 due to the SDP incorporating ideals and philosophies of a number of different socialist (and non-Marxist groups) groups within it and then attempting to fuse Marx's ideas with theirs. A short assessment is provided by Engels in his letter to Bebel which forms part of the Introduction to the Critique. Marx, K. (1970). *Critique of the Gotha Programme*. Moscow, USSR: Progress Publishers.

²¹³ Sasson, D. (1996) *One Hundred Years of Socialism*. pg.49.

²¹⁴ Nicholls, A.J. (1968). *Weimar and the Rise of Hitler*. London, England: Macmillan and Co. pgs. 10 – 25.

²¹⁵ Berman, S. (2006) *The Primacy of Politics – Social Democracy and the Making of Europe's Twentieth Century*. New York, United States of America: Cambridge University Press. pgs. 152 - 176

Chapter Four: His Majesty's (Disgruntled) Loyal Opposition: The Formation of the Parliamentary Labour Caucus and the Labour Party

Introduction: The Establishment of the Labour Party

The initial basis behind the formation of the New Zealand Labour Party was conservative and was a reaction to external events. Despite the militancy which existed in the extra-parliamentary party the conservative nature and programme of the Parliamentary Labour Party (PLP) in its early years was reflected in the attitude of its leadership toward the war. The NZLP was not a radically or revolutionary socialistic body even at its outset and its programme of radical socialism was more illusion than real. The new Party, particularly through its parliamentary representatives, was not motivated by any desire to pursue an alternative to capitalism. Rather, and similar to other Labour parties in the United Kingdom and Australia, the Party sought representation on behalf of workers and material improvements to their livelihoods. While, the NZLP may have subscribed to socialism, the PLP was to all intents and purposes, His Majesty's disgruntled but loyal Opposition.

An Exercise in Moderation: The New Labour Caucus

Between 1912 – 1914, four factors significantly influenced labour both inside and outside of parliament. The first three, the 1912 Waihi Strike, the election of the Massey Government in 1912 and the 1913 General Strike, were domestic events which lacked a dramatic impetus required to bring the various labour factions together. However, such an impetus came in August 1914 with the outbreak of the First World War.

Despite popular mythology which places the birth of the Labour Party in the West Coast of the South Island or with the Trade Unions, the initial impetus behind the formation of the New Zealand Labour Party came from a group of labour MPs and not from labour organisations outside of Parliament.²¹⁶ The mass mobilisation required for the war effort had brought the Reform and Liberal Parties into a coalition 'National' Government and created a 'National' Ministry, leaving the SDP, the ULP and the various independent MP's as the Opposition.²¹⁷ After discussion between the various MPs, Labour decided to stand aloof from the coalition and cabinet and form an independent caucus. This was despite the obvious desire of some in the labour movement, such as the ULP MP Payne, who supported the formation of the 'National' government.²¹⁸

²¹⁶ R.S Milne, *Political Parties in New Zealand* (London, England: Oxford University Press, 1966). pg. 39 – 40.

²¹⁷ "Fusion of Parties. View of the Hon. J T Paul," *Evening Post*, August 16, 1916. pg. 2.

²¹⁸ "Labour and the Fusion. Should Labour Have Entered the National Cabinet. Debate between John Payne M.P. And H.E. Holland," *The Maoriland Worker*, September 15, 1915. pg. 1. In August 1915, Harry Holland and the ULP MP John Payne debated the pros and cons of Labour entering the 'fusion' National Government. Payne was supportive of the concept noting that Labour could have had a 'man' around the Cabinet table to "raise his voice on our behalf." "It would have proved to the country that we [Labour] could rise to a national occasion." Payne was also supportive of the War, drawing inferences to Germany and Austria's expansionist policies against those of Great Britain.

The Wellington South ULP MP, Alfred Hindmarsh, chaired the caucus meeting of five labour MPs (minus Payne) and wrote to Massey afterward stating Labour's position toward the coalition. In that letter Hindmarsh noted;

That the extent to which the Labour Party are prepared to support or oppose the proposed National Government (sic) will depend upon the measures brought forward by such Government, and its administration, and further, that it is not the Labour Party's wish that anyone of its number should be offered a portfolio in the proposed National Government.²¹⁹

As Hindmarsh was to later inform the House on 9 September 1915, the Party's attitude was not to be seen as disloyal; rather there was no need for labour members to join the Government.

I must say that when the coalition Ministry was formed, as is well known, the Labour party was asked to consent to one of its members joining the Ministry; but inasmuch as the coalition Ministry was formed mainly for the purpose of passing taxation proposals...there was no necessity for the Labour Party to join. But the fact that the Labour Party did not join must not be taken in any sense as a want of loyalty to New Zealand.²²⁰

Labour's opposition to the newly established 'National' Government was not based on radical or socialistic precepts but on an affront to parliamentary procedure and efficient administration.²²¹ The principal concern of MPs was that parliamentary processes would suffer if there was no official opposition in the House by which the Government could be held to account.²²²

Despite the lack of radical political precepts, Labour's actions in parliament did cause considerable comment within the labour and socialist movement. The *Maoriland Worker* was ecstatic about the new caucus, informing its readers of the opportunities for social democracy that its establishment offered. Holland, who was the editor of the *Worker*, commenting on the fusion of the 'anti-labour forces' inside the House, observed that;

The Fusion's best aspect is that it makes Labour in Parliament the real Opposition; and places on the shoulders of the Social Democrats the greatest opportunity that has ever been given to a Parliamentary party of working class interests. It brings to them a stupendous opportunity with far-reaching possibilities—an opportunity which, if seized by the men in Parliament (and they have shown that they are capable of seizing it) will make for sweeping working-class victories in the near future.²²³

²¹⁹ "National Cabinet. Labour's Attitude," *Evening Post*, August 5, 1915. pg. 4.

²²⁰ *New Zealand Parliamentary Debates*, vol. 173. pg. 529.

²²¹ "The Labour Party Will Assist the Government," *Evening Post*, August 7, 1915. pg.9.

²²² *New Zealand Parliamentary Debates*, vol. 173. pg. 529.

²²³ "The Fusion of the Anti-Labour Forces," *Maoriland Worker*, August 11, 1915. pg. 4.

In spite of the optimistic statements of the *Maoriland Worker*, the new labour caucus was not a radical body. Of its five MPs, only Webb subscribed to a militantly socialist agenda. Further, it was not opposed to New Zealand's war effort.

Although Webb was later to go to jail over his opposition to the war, general attitudes to the war within the caucus was largely supportive. In the official manifesto issued in the name of the new caucus by Hindmarsh, the final paragraph states that; "The Labour Party will assist the Coalition Government in every effort to help the Mother Country to maintain and uphold the highest ideals of liberty and justice".²²⁴

What united the caucus was not the idea that the war was wrong. As JT Paul observed, "[The Labour Party] ... bowed to no other party in its patriotism and in its desire to see the war brought to a successful conclusion".²²⁵ Rather, the PLP was concerned with the practical aspects of the conflict such as the debilitating effect that the war was having on living standards of workers and their dependants and the need for 'equality of sacrifice' from the population.

Labour Unity means Certain Success: The PLP and Labour Unity:

Certainly, the formation of the new Labour caucus did help to resolve political issues outside of Parliament. By 1915, both the SDP and ULP were floundering organisationally and politically. Both bodies had lost members due to war mobilisation and were financially destitute.²²⁶ Since neither the SDP nor the ULP were perceived as being able to mount coherent or effective election campaigns, Labour Representation Committee's (LRCs), which had played a pivotal electoral role previously, were retained as a means of attempting to stimulate discussion and unite labour bodies in electorates.²²⁷ However, despite the LRC's intervention, labour candidates received an electoral thrashing in the 1915 local body elections and, with a general election due in 1917, there was a growing fear held by both militants and moderates that something similar would happen at a parliamentary level.²²⁸

The formation of the Labour caucus contributed to the earnest discussions occurring between the various labour groups outside parliament. These conversations eventually led to a new political understanding and rapprochement between the various labour bodies and, in July 1916 this cooperation was formally constituted with the establishment of a new party, the New Zealand Labour Party (NZLP). Gustafson remarks that the establishment of the New Zealand Labour Party was generally ignored by the press.²²⁹

Preoccupied as they were with the war in Europe, the daily newspapers and the general public barely noticed the formation of the sixth 'new' Labour-Socialist' Party in a little more than ten years. The event was recorded without headline or comment and the *New Zealand Herald* ignored it completely.

²²⁴ "The Labour Party Will Assist the Government." pg.9.

²²⁵ "Fusion of Parties. View of the Hon. J T Paul." pg.2.

²²⁶ Gustafson, *Labour's Path to Political Independence*. pg. 91

²²⁷ Ibid. pg. 90.

²²⁸ Ibid. pg. 90. See also; "Lesson of the Municipal Elections," *Maoriland Worker*, May 5, 1915. pg. 1.

²²⁹ Gustafson, *Labour's Path to Political Independence*. pg. 93.

Not so the *Grey River Argus*. The paper reported on the formation of the new Party listing its objectives, programme and officers.²³⁰

The formation of the NZLP was the practical endpoint of discussions which had been occurring since the early 1900s. While there had been previous appeals for unity from the various factions, most notably at the Unity Congress which had formed the SDP, these had met with little success. However, the social and economic deprivation caused by the war finally had the effect of bringing the various factions of labour together. Certainly, by 1915 there was a more conciliatory attitude shown by militants and moderates toward each other. The SDP started to approach other labour organisations and seek their support for the establishment of the 'New Zealand Labour Party.'²³¹ Similarly, at the July 1916 UFL conference, the Otago Trades and Labour Council had forwarded a remit proposing a new unified Labour party.²³² The Labour moderate and Legislative Council member, JT Paul, offered his support to the proposal noting in his *ODT* column, 'Industrial World,' that an agreement would mean Labour being "...heard of in all immediate election contests."²³³ Later, Paul was to congratulate the successful birth of the new party noting that;

Men formerly separated by what they considered vital points of policy and principle, reasoned together last week to such purpose that instead of a "new" party they decided to weld all existing political Labour forces together under a well-known name, the New Zealand Labour party ... Altogether the future outlook for success - and Labour unity means certain success - is much more hopeful than at any time for 12 years. And when one looks back, 12 years is a long time.²³⁴

The Pursuit of Freedom and Liberty: The Labour Caucus and the War

During the 1913 Unity Congress, Hindmarsh had observed that political unity within labour could only be brought about by a willingness to "bear all things and suffer all things".²³⁵ The war had brought unity to labour by forcing the various factions within the political labour movement to seek commonality. However, it was a commonality based not upon the achievement of an ideological goal (socialism). Rather, it was a practical camaraderie achieved upon the pursuit of practical programmes that were required when the country was at war.

Consequently ideology was largely put to one side as the First World War dominated the conduct and programmes of the fledgling party. While socialist parties in Europe engaged in bitter recriminations in relation to the merits of their involvement, parliamentary Labour in New Zealand accepted that the country and its resources would be involved.²³⁶ A number of

²³⁰ "Red Fed Conference. The New Party.," *Grey River Argus*, July 15, 1916. pg. 6.

²³¹ "United Federation of Labor. Invitation from SDP ", *Maoriland Worker*, July 12, 1916. pg. 4. An invitation was received from the National Executive of the SDP for a representative from the conference to attend their Conference to confer as to the advisability of forming a N.Z. Labour Party, with which all present Labour organisations and Unions could affiliate. The National Executive recommended that the invitation be accepted

²³² *Labour's Path to Political Independence. The Origins and Establishment of the New Zealand Labour Party 1900 - 1919.* pg. 91.

²³³ JT Paul, "Industrial World. News and Notes. Conference Week," *Otago Daily Times*, July 8, 1916. pg. 12.

²³⁴ "Industrial World. The Political Labour Movement," *Otago Daily Times*, July 15, 1916. pg. 12.

²³⁵ "Report of the Proceedings of the Unity Congress. Establishing the United Federation of Labour and the Social Democratic Party." pg. 33.

²³⁶ "National Cabinet. Labour's Attitude." pg. 4.

vocal people in the Labour Party and the wider labour movement such as Webb, Holland, Fraser, and Semple *were* strenuously opposed to New Zealand's participation in what they saw as a wasteful and unnecessary war being fought on behalf of capitalists. Webb's opposition to the War was such that he was arrested and imprisoned for seditious activity and consequently forfeited his seat in Parliament.²³⁷ Yet, such opposition was reflective of the attitude of the Labour caucus between 1915 and 1918.

In the original announcement establishing the Labour caucus it was made clear that its MPs were not opposed to conscription or the war effort.²³⁸ Labour MPs would loyally support "the government in its defence proposals"²³⁹ and the Labour caucus would;

.... assist the Coalition Government in every effort to help the Mother Country to maintain and uphold the highest ideals of liberty and justice.²⁴⁰

As Labour's parliamentary chairman, Hindmarsh continued to express his own personal support and that of the Labour caucus, for the war. In 1917, he gave a stirring and patriotic parliamentary speech on the topic in which he combined the romantic themes of English history, nationalism and traditionalism with the democratic principles of British parliamentary democracy;

[It is...] our traditions, our language, our literature. We are fighting for Shakespeare's memory, for Milton's memory, and for other celebrated men who stood out in English history and helped to create the present for us. Everyone who reads Shakespeare must after he has read a little, become imbued with patriotism the common feeling of the people is always higher than the feeling of individuals that compose it. I believe this higher feeling is the feeling that is directing the war and will not rest satisfied until we have achieved victory.²⁴¹

While, the Labour Party "left" might perceive the war as a clash of two industrialised capitalist powers that were politically alike, for Hindmarsh, the purpose of the war was to ensure British "freedom and liberty".²⁴² New Zealanders and the British people were fighting Germany as it lacked both freedom and liberty. As Hindmarsh remarked in the House, Germany existed under a despotic regime and such a regime could not co-exist with freedom.²⁴³ However, even Hindmarsh admitted that there were limits to existing democracy within Britain and that there were wrongs to be addressed.²⁴⁴ His stated hope was that the successful outcome of the War would further the advance of democracy within both Britain and its Dominions.²⁴⁵

²³⁷ "Mr P.C. Webb MP, Arrested by Military, Now in Custody," *Maoriland Worker*, March 13, 1918. pg.4.

²³⁸ "The Labour Party Will Assist the Government." pg. 9. See also; Gustafson, *Labour's Path to Political Independence. The Origins and Establishment of the New Zealand Labour Party 1900 - 1919*. pg 89.

²³⁹ "National Cabinet. Labour's Attitude." pg.4.

²⁴⁰ "The Labour Party Will Assist the Government." pg.9.

²⁴¹ *New Zealand Parliamentary Debates*, vol. 179. pg 38

²⁴² Ibid. pg. 39.

²⁴³ Ibid. pg. 39

²⁴⁴ Ibid. pg. 39

²⁴⁵ Ibid. pg. 39.

This was because, as he confided to the House, money did not drive the democracies of the world. They were pledged to higher principles.

All the democracies of the world are standing side by side, and therefore as a democrat one can only wish these democracies to succeed. Is it likely that these democracies will all stand only for money? Is it likely that all nations will hold up certain notions as to the rights of property only? No, it is not likely. It is something far higher that a number of these democracies will rise to ... And I believe that that spirit prevails in all the other countries with whom we are allied and with whom we are fighting.²⁴⁶

The Labour members (minus Webb, who was languishing in goal) had little hesitation in allying with the Reform and Liberal parties in voting for New Zealand's continued involvement in the war.²⁴⁷

The Question of Equality of Sacrifice and Conscription

The real point of differentiation between Labour members and the Reform and Liberal parliamentarians was over practical policies and the issue of 'equality of sacrifice'. Labour MPs felt that there should be equality of sacrifice both physically and financially to the War effort from all classes. There was a strong feeling from Labour members that workers were being forced to bear the brunt of the war effort, personally, socially and financially whilst the country's wealthy avoided their fair contribution. In 1914, Webb had referred to the need to impose a "war tax" to ensure that all classes contributed equally to the expense of sending expeditionary forces to the war.²⁴⁸ He observed that such a tax would ensure that "our wealthy patriotic people" contributed their fair financial share to the war effort.²⁴⁹ Webb's main concern was the degree to which the war effort was being unequally shared. As he informed Parliament, "... some wealthy people have done splendidly, and deserve every thanks; others have shirked, while others have made capital out of the nation's troubles. Every man should pay according to his income".²⁵⁰

In 1917, Hindmarsh noted the poor condition of British troops due to them being forced to work in the factories "from six in the morning to six at night" so that others might "ride and luxuriate in clubs."²⁵¹ Although a Government MP asserted that such conditions were the result of "the snobocracies of the Old World," Hindmarsh had replied that such snobbishness was evident in New Zealand.²⁵²

Labour asserted that the introduction of compulsory conscription was a consequence of such class snobbery in New Zealand. Until the passing of the Military Service Act in 1916, military service was voluntary. However, in 1916 the Government implemented compulsory conscription, claiming that such a measure was required to ensure that the country's quota of troops remained high.²⁵³ As additional justification, Government MPs claimed that a

²⁴⁶ Ibid. pg. 39.

²⁴⁷ Ibid. pg. 41.

²⁴⁸ *New Zealand Parliamentary Debates*, vol. 171. pg. 674.

²⁴⁹ Ibid. pg. 674.

²⁵⁰ *New Zealand Parliamentary Debates*, vol. 171. pg. 674.

²⁵¹ *New Zealand Parliamentary Debates*, vol. 179. pg. 39.

²⁵² Ibid. pgs. 38 – 39.

²⁵³ *New Zealand Parliamentary Debates*, vol. 175. pg. 485.

number of men were “shirking” military duty.²⁵⁴ Labour had supported voluntarism based upon certain conditions. These conditions were that men would be more amiable to enlist if they were aware that they would be well paid and if the pension scheme for soldiers was improved to ensure that if they were maimed they would be provided for by the State for the remainder of their lives.²⁵⁵

The Party alleged that as a result of compulsory conscription workers, were now forced to place their lives, their livelihoods and their families livelihoods at risk for little recompense.²⁵⁶ At the same time, wealthy individuals could avoid conscription and, most outrageously of all, make a financial profit from the war through investing in bank deposits, indentures and war profiteering.²⁵⁷ Prior to his imprisonment, Webb had accused the Government of duplicity in response to its claim that it was committed to ensuring that the burden of the war would be evenly spread and, that it was willing to spend the country’s ‘last shilling’ in fighting the war. Webb remarked that;

What is the use of talking about the last shilling? The Rich will be richer as an outcome of this war, and yet there are members in this House who are prepared to take men away from their loved ones, but not to insist that the rich men of the country shall be taxed to provide adequate pensions and pay for these men and their dependents. I say they ought to be utterly ashamed of themselves.²⁵⁸

Such was the strength of feeling within the Labour caucus over the issue that a year later in 1917, McCombs referred, during an Address in Reply debate, to the passing of the Military Service Bill as protecting “financial shirkers”.²⁵⁹

Hindmarsh’s approach to the issue was cautious. He remarked that Labour’s opposition to the Act was not because he or it was opposed to conscription but because the Party was opposed to the personal and financial exemptions which the Bill allowed.²⁶⁰ Supporting McCombs in 1917 during the same debate, he observed that the Act had exempted a number of farmers from military service.²⁶¹ These farmers had subsequently taken it upon themselves to resist conscription of their farmhands, which undermined the stated purpose of the Act. In addition they had manipulated the duties imposed by the war to increase their prices and their profits.²⁶²

Hindmarsh and Labour MPs particularly referenced the price of general food items and dairy products which had increased in price during the war. Outside of parliament, Holland gave a public lecture which detailed the increased prices of various goods.²⁶³ He observed that as prices and costs increased, workers’ wages remained static or fell due to Government regulation.²⁶⁴ The *Evening Post* reported Holland asserting that;

²⁵⁴ Ibid. pg. 497.

²⁵⁵ Ibid. pg. 503.

²⁵⁶ Ibid. pg. 505.

²⁵⁷ H E Holland, “The Scandal of the War Profits,” *Evening Post*, November 5, 1917. pg. 2.

²⁵⁸ *New Zealand Parliamentary Debates*, vol. 175. pg. 505.

²⁵⁹ *New Zealand Parliamentary Debates*, vol. 178. pg. 298.

²⁶⁰ Ibid. pg. 300.

²⁶¹ Ibid. pg. 300.

²⁶² Ibid. pg. 300.

²⁶³ Holland, “The Scandal of the War Profits.” pg.2.

²⁶⁴ Ibid. pg.2.

... the Government could have dealt as drastically with profiteers, but instead it employed its political power to conserve the interests of the exploiters ... the grand total of war profits in New Zealand reached the figure of £45,476,187, without taking into account the profit on flour, groceries, clothing, boots, and a multitude of other items which would probably yield another 10 or 15 millions sterling.²⁶⁵

The lecture was later published by the *Worker* as a pamphlet. Additionally, the party noted that the overwhelming majority of the men serving at the Front tended to be the sole or principal breadwinners for their families. As such, their departure financially penalised their spouses and children as food still needed to be provided and bills and rent paid.

The Government partially responded to criticism over these issues by establishing a Cost of Living Committee to keep abreast of the situation. However, it was perceived to be totally inadequate. As Labour MPs noted, the Committee only had one labour representative on it and had no representation from significant areas of the country.²⁶⁶ The Labour MP, Andrew Walker observed that since this was a “matter which affected the working classes more than any other class in the country”, Labour’s representation should be substantially increased.²⁶⁷ Massey, on behalf of the Government, declined Labour’s appeal claiming that the committee was quite “even sided”.²⁶⁸ He then appointed two additional Government MPs on to the committee.

For the most part, the Government appeared to argue that such matters were either exaggerated or they could be dealt with at a later date.²⁶⁹ In response, the NZLP argued that the situation for working people was perilous. From the NZLP perspective the Government had a duty to immediately alleviate the financial and social distress suffered by both serving soldiers and their families. In his 1917 speech to the House on the Government’s Financial Statement, Webb infuriated Government MPs by observing that the soldiers should not have to wait until they returned home to experience better conditions.²⁷⁰ He asserted that Parliament had a duty to improve conditions for soldiers and their families not only when they returned but whilst they were serving.²⁷¹ To that end, the Government, Webb said, should guarantee to soldiers that it would alleviate some of the suffering experienced by them and their families by taking over their ‘responsibilities.’²⁷² Webb succinctly spelt out what he meant;

We should be able to say to the men, if we want you to go abroad to fight, we are prepared to take over your responsibilities, we will see to it that no landlord will increase your rent, we will prevent exploitation taking place...²⁷³

²⁶⁵ Ibid. pg.2.

²⁶⁶ *New Zealand Parliamentary Debates*, Vol. 179. pg.251.

²⁶⁷ Ibid. pg. 250.

²⁶⁸ Ibid. pg. 251.

²⁶⁹ Ibid. pgs. 585 - 587. McDonald, the National Government’s Minister of Agriculture, responded to concerns about the increased price of dairy products raised by McCombs and Webb by claiming that McCombs’ figures were incorrect and that costs to farmers for their products were fair and reasonable.

²⁷⁰ Ibid. pg. 577.

²⁷¹ Ibid. pgs. 578 – 579.

²⁷² Ibid. pg. 582.

²⁷³ Ibid. pg 582.

In its response the National Government was unenthusiastic about Webb's proposal.²⁷⁴

The Red Tide: Labour's Changing Political Culture

Although the PLP (and the wider NZLP) had united around such practical measures, political unity remained fragile. In fact, such was the delicate nature of the caucus that by the middle of 1917 there was some question as to whether the Parliamentary Labour Party would continue to exist at the next election.²⁷⁵ Of those MPs who had formed the Labour caucus, McCombs had withdrawn as a result of Labour's position on prohibition, Webb had been arrested and gaoled for sedition, Veitch had become an independent and it was suggested that Hindmarsh was considering re-joining the Liberal Caucus.²⁷⁶ McCallum, the Government MP for Wairau, claimed that the Labour Party was represented in the House by "only one member – namely the member for Dunedin North [Walker]".²⁷⁷

Hindmarsh's suspected defection had to do with his distaste regarding the political and philosophical objectives of some of his new colleagues. Certainly, his moderate viewpoints on matters were well known. In a speech to the Wellington Labour Representation Committee in 1915, Hindmarsh had talked of the need for Labour to "face facts" and "...adapt ourselves to practical politics, as Labour does in the Old Country".²⁷⁸ However, as Chairman of the Parliamentary Caucus, Hindmarsh found his perspective increasingly at odds with his new PLP colleagues, especially Holland, who had replaced Webb as the Member for Grey,²⁷⁹ and, with the wider party.

Several by-election successes in 1918 had significantly altered the politics of the parliamentary party. The inclusion of Holland, Fraser and later, Semple, into the Labour caucus indicated a definitive philosophical and political break with the 'Hindmarsh era' Labour caucus. Whereas, the PLP up to 1918 could be described as a moderate body which expressed radical lib-lab opinions, the new caucus after that date had militant socialistic aspects to it. Very few people, outside of the fledging Bolshevik-aligned groups, would have accused Holland, Semple or Fraser of being political moderates. All three men had strong associations with the radical sections of the labour movement prior to their elections into parliament.

Holland had been a prominent member of Australian socialist and labour organisations before coming to New Zealand at the request of the Socialist Party.²⁸⁰ Upon his election to Parliament, the *Grey River Argus* reprinted a column from the *Brisbane Standard*. Amidst other comments about Holland's commitment to the socialist cause in both Australia and New Zealand, it observed that;

[Holland] has gone straight ahead, never deviated from the stern and often bitter path of Socialism, and today this stormy petrel of the Australian Labour movement stands cheek by jowl on the floor of Parliament with those

²⁷⁴ Ibid. pg. 585

²⁷⁵ *New Zealand Parliamentary Debates*, vol. 178. pg. 562.

²⁷⁶ Ibid. pgs. 562.

²⁷⁷ Ibid. pg. 563

²⁷⁸ "Must Face Facts. Labour and Politics," *The Evening Post*, March 13, 1915. pg. 3.

²⁷⁹ P J O'Farrell, *Harry Holland. Militant Socialist*. pg. 97.

²⁸⁰ Gustafson, *Labour's Path to Political Independence*. pg. 158.

unscrupulous enemies of the workers who fear and detest Holland because of his unflinching adherence to the principles of Socialism.²⁸¹

Fraser had worked as a labourer and a watersider, had an active involvement in unions, had been involved in the 'Red Feds', the Socialist Party, and had been the National Secretary for the Social Democratic Party.²⁸² Semple had worked in the mines, become involved with the Miners Unions and the Socialist Party, before becoming an organiser for the 'Red Feds' and, then, the United Federation of Labour and the Social Democratic Party.²⁸³ Like Webb, all three had been arrested for seditious utterances and activities during the war.

The militants quickly made their mark in Parliament. Holland's maiden speech in November 1918 with its emphasis on the "socialist objective" of the Labour Party, its strident anti-militarism and its attack on the war effort of the Government must have caused considerable discomfort for Hindmarsh and other moderates in the caucus. Later comments from Holland and Fraser suggesting support for the Bolsheviks in the aftermath of the 1917 Bolshevik Revolution in Russia and the 'pluck of the Russian working man' must have been equally and severely disturbing. Consequently, it is of little wonder that there were allusions made in relation to the continued commitment of Hindmarsh and the other moderates to the Labour party.²⁸⁴

The death of Hindmarsh on 13 November 1918, as a consequence of the influenza epidemic which was sweeping the country, neatly, if tragically, resolved this conflict. In addition, it left both the leadership of Labour's parliamentary caucus and Hindmarsh's Wellington South seat vacant. Hindmarsh's Wellington South electorate was won by Semple for Labour in the succeeding by-election.²⁸⁵ Wasting little time the militants flexed their new political muscle in selecting Holland as the new PLP caucus chairperson in early January 1919. Holland's only opponent in the caucus election had been the moderate MP James McCombs who had re-joined the NZLP and the caucus.²⁸⁶

Conclusion: The PLP as an exercise in Liberal-Labourism

The parliamentary Labour party from 1915 – 1919 was not a radical organisation. This lack of radicalism was evident in its formation, which was as a result of concerns relating to practical

²⁸¹ "Labour's Challenge. Fearless Advocate," *Grey River Argus*, March 4, 1919. pg. 3.

²⁸² Gustafson, *Labour's Path to Political Independence*. pg. 156

²⁸³ Ibid. pg. 167.

²⁸⁴ *New Zealand Parliamentary Debates*, vol. 183. pg. 357. Holland observed in his parliamentary obituary of Hindmarsh that; "For a number of years I was associated with him in the political labour movement and outside of it, and for the last few weeks inside of Parliament. The labour movement, like all other movements has varying shades of thought, and Mr Hindmarsh and I belonged to certainly different schools of labour thought, but the objective that we worked for was the same." O'Farrell notes that Hindmarsh disliked Holland's advocacy of "revolutionary socialism." See also; O'Farrell, *Harry Holland. Militant Socialist*. pg. 97

²⁸⁵ Register General, *The Official New Zealand Year Book* (Wellington, New Zealand: Government Printer, 1919). pg. 295

²⁸⁶ "Labour Party Meeting. Mr Holland Chosen Leader," *Grey River Argus*, August 28, 1919. pg. 3. The vote was tied in the first instance at two votes for each of the candidates. It appears very probable that given the membership of the Parliamentary caucus at that time, comprising as it did of Holland, McCombs, Semple, Fraser and Walker, with JT Paul attending as a member of the Legislative Council, that, as O'Farrell notes, Walker and JT Paul would have voted for McCombs, with Fraser and Semple voting for Holland. Holland's election was apparently decided by drawing the names from a hat. See also; *Harry Holland. Militant Socialist*. pg.102.

parliamentary politics, and its practical programme during that period. Its concern was not whether the war was correct (it assumed that it was), but with the mechanics and fairness of the war effort. However, the PLP did provide a level of political unity to the political labour movement which had been previously lacking. It additionally raised the grievances of its working class constituents regarding their economic and social conditions during this period.

Ideologically its approach was liberal-labour rather than socialist. This was a reflection of its composition. The pre-1919 PLP was dominated by liberal-labourites. Hindmarsh as the caucus chair was essentially a liberal-labour MP who believed in a policy of progressive liberalism to achieve labour objectives.²⁸⁷ The political objectives of the majority of the Caucus were contained within the platforms of the original New Zealand Labour Party and the ULP. This placed them at variance with Webb, and later Holland, Semple and Fraser, who considered themselves as active students of Marx and sought the attainment of socialism.

Although, politically, the members of the PLP and the wider party subscribed to socialism, they differed in what the term meant to them. Indications of this difference of political perspective are evident in the earlier debates at the 1913 Unity Congress. During the debate over the Preamble of the newly formed UFL, the philosophical differences between both groups was clearly spelt out. What was under nominal debate was the wording of the Preamble, which sought to include the passage that there could be no cooperation between the employing class (capital) and the workers (the exploited).²⁸⁸ But, what was really under discussion were the perceived political and ideological differences that delegates had of the relationship between capital and labour.

Delegates from the ULP and the moderate unions were opposed to the Preamble because they believed the distinction within it was overstated and that employers and employees had, in the words of one delegate, "much in common."²⁸⁹ Others warned that the Preamble was a "... seeming attempt to bring the employer and the employee into hostile and dangerous collision."²⁹⁰ Hindmarsh thought that the Preamble was 'non-essential' and that debate and discussion during the conference was being held back due to the 'irreconcilable elements' present.²⁹¹ Its inclusion, he claimed, alienated a significant minority of the delegates.²⁹²

When he entered Parliament, Hindmarsh continued to assert the principle that politics was classless.²⁹³ He proposed that legislation should be the result of what was good for the majority of the population.²⁹⁴ For Hindmarsh, socialism was not about the achievement or advocacy of working class rights, it was about achieving the best outcome for every section of the community through the use of the State. The majority of the PLP agreed with that perspective. As JT Paul was to observe during a debate regarding the alleged political

²⁸⁷ *New Zealand Parliamentary Debates*, vol. 159. pg. 356 – 357.

²⁸⁸ Rout, "Report of the Unity Congress." pg. 28. The preamble had as its first section the following premise: "The working class and the employing class have nothing in common. There can be no peace so long as hunger and want are to be found among millions of working people, and the few, who make up the employing class, have all the good things of life."

²⁸⁹ *Ibid.* pg. 30

²⁹⁰ *Ibid.* pgs. 31.

²⁹¹ *Ibid.* pg. 33.

²⁹² *Ibid.* pg. 33.

²⁹³ *New Zealand Government, NZDP v.159.* pg. 356 - 7

²⁹⁴ *Ibid.* pg. 357.

relationship between the NZLP and the Bolsheviks in the Legislative Council, Labour was a constructive party which sought to avoid such events as those which occurred in Russia by establishing the "... best possible Government in our British community".²⁹⁵ For Paul and others in the PLP, the onus on the Labour Party and Parliament was not a class based revolution, but, the establishment of an inclusive society. This could only be achieved, Paul opined by;

... sit(ing) down and work(ing) out whether the old form of society is the best from the point of view of the individual and the point of view of the collective whole ... (m)y view of the immediate future is that some of the big concerns will have to be controlled and owned by the State. Some other concerns may be owned and controlled by groups of individuals ... while in addition some concerns will remain solely private.²⁹⁶

Although he was a supporter of labour unity, it is probable that Hindmarsh retained an antagonism toward 'extremist' socialism and 'extremist' socialists two years later when he became chairperson of the Labour party parliamentary caucus in 1915. One can only imagine that it must have been increasingly frustrating for him to be associated with the same people who to all intents and purposes had seemingly not changed their political opinions in the intervening period. Equally, it must have been frustrating for Webb and, later Holland, Fraser and Semple, to be members of a caucus that was led by a Labour moderate, Hindmarsh, which had supported the war effort and which was relatively temperate in its political undertakings.

In the immediate aftermath of the war, western governments and newspapers reported a number of incidents which highlighted the spread of Communism and extreme socialism in Europe. The *Grey River Argus* informed its readers that Germany was under the control of the Bolsheviks.²⁹⁷ The *Evening Post* reported that the Italian Socialists endorsed Bolshevism.²⁹⁸ Even the British Labour Party was said to be in league with the Bolsheviks with the *Ashburton Guardian* printing comments by Lloyd George warning of the "... wild and poisonous seeds of Karl Marxism" within it.²⁹⁹ Unsurprisingly, the election of both Fraser and Semple, the choice of Holland as Labour's caucus chairperson and the Party's stated objective of socialism, were used by the Reform Party, the Liberals and the media as proof that the New Zealand Labour Party was also in thrall to Bolshevism. In reality nothing could have been further from the truth.

Chapter Five: Radicals and Moderates: Radicals, Syndicalists and the Labour Party

Introduction:

The establishment of the NZLP was the culmination of discussion and development between the left and the right of the political labour movement. While the objective of the new party was the achievement of socialism, the PLP had been, as has been previously discussed, largely

²⁹⁵ *New Zealand Parliamentary Debates*, vol. 182. pg. 444.

²⁹⁶ *Ibid.* pg. 447.

²⁹⁷ "Germany Adopts the Soviet System," *Grey River Argus*, December 31, 1919. pg. 3. See also; "Reconstruction and the Masses," *Grey River Argus*, December 31, 1919. pg. 3.

²⁹⁸ "Socialist Endorsement of Bolshevism," *The Evening Post*, December 4, 1919. pg. 5.

²⁹⁹ "Labour Party Attacked," *Ashburton Guardian*, March 26, 1919. pg. 5.

a conservative and labourist body. However, the election of militants into key roles within the PLP and the wider Party in 1918/1919 appeared to suggest that the NZLP was now exclusively committed to the pursuit and implementation of socialism. Certainly, it was the only major political organization which openly advocated for socialism and, it was this acknowledgement which established the later ideological disputes within the Party.

Inspired by the Party's socialist commitment and the speeches and actions of its new Parliamentary leadership, the NZLP became the object of attention of various radicals and revolutionists. A number of these individuals and groups were involved directly in the NZLP as full-fee paying members. However, a substantive number were involved in various groups within the wider labour movement. The philosophy of these groups tended to differ. The radicals within the Party wanted the NZLP to promote a socialist philosophy and programme which could be brought about using parliamentary means. Those groups outside of the NZLP were critical of the Party's commitment to parliamentarism and reformism and wanted the Party to champion a revolutionary programme. After 1920, some of the NZLP's radicals joined the nascent New Zealand Communist Party (CPNZ) with its emphasis on the workers' revolution. However, a number remained with the NZLP and attempted to change its methods and programmes by various indirect or direct means.

This chapter provides a brief overview of the methods by which both sets of individuals attempted to directly influence the Party's ideological direction and programme. It particularly focuses on two attempts which were made to directly sway or challenge the NZLP. One of these involved the paper of the labour movement and, the official publication of the NZLP, *The Maoriland Worker*, while the other was an attempt to challenge the control of Labour Party parliamentarians through the Party's internal structure. The impact of these groups and their methods was to have a significant and long lasting effect on the NZLP's philosophy and programmes.

The Syndicalists

The most prominent (and the most well organised until the establishment of the CPNZ) of the radical groups opposed to the NZLP were the syndicalists. Most syndicalists had originally been involved in the Industrial Workers of the World (IWW). While, the defeat of the unions in the aftermath of the 1913 General Strike had seen the IWW as an organisation largely collapse in New Zealand.³⁰⁰ Syndicalism as a philosophical or practical ideal continued to exist. Syndicalists involved themselves to a greater extent in unions which they then attempted to change into syndicalist or revolutionary organisations committed to the use of the strike as a political means to achieve the industrial revolution.

Individuals with syndicalist tendencies were most notably found within the New Zealand Workers Union (NZWU) and the Alliance of Labour, (AoL), which was the successor body to the United Federation of Labour. Because the leadership of both organisations tended to be comprised of the same individuals, both bodies demonstrated hostility to the NZLP's advocacy of parliamentary methods and reformism at various times during the 1920s. This antagonism was evident in the ongoing criticism of the Party's platform and methods. However, the

³⁰⁰ Olssen, *The Red Feds*. pg. 211.

syndicalists never achieved their aim of either supplanting the NZLP as the dominant body with the Labour movement or changing the Party's direction or methods.

From the syndicalist perspective, working class dominance could only be achieved by the union movement and industrial workers.³⁰¹ Working class power would be further enhanced through the formation of the 'One Big Union' which would unite all industrial workers regardless of their occupation.³⁰² Consequently, parliamentary politics was not only distracting to the working class movement but actively undermined the workers' revolutionary objectives by forcing them to make deals with the capitalists.³⁰³ Additionally, once a Labour Party attained parliamentary representation, it was the Parliamentarians which set the party's objectives and programmes. The syndicalists alleged that Parliamentarians were inclined to moderate socialistic objectives and policies to ensure their own political survival. As a result, the syndicalists concluded, a Labour Party became a part of the capitalist process and, therefore, part of the problem.³⁰⁴ Given the Labour Party's subversion or conversion it was little wonder, the syndicalists asserted, that such parties could not overthrow Capitalism. Labour parties were simply a 'fifth column' deceiving workers and undermining the march toward socialism. Subsequently, their authority over the labour movement had to be reduced or eliminated.

'A Political Press is a Prostitute Press' - The Battle with the Syndicalists over the *Maoriland Worker*.

The first open engagement between the NZLP and the syndicalists occurred in 1919 and 1920 over the *Maoriland Worker*. The NZLP perceived the *Maoriland Worker* as a key component of its political propaganda mechanism. The *Worker* had the ability to provide the NZLP with a mass platform for its speeches, policy statements and programme. Such publicity was denied to the NZLP by the main stream press. Consequently, the Party was of the opinion that the *Worker*, as the media arm of the labour movement, should unreservedly support the political arm of that movement. However, this point of view was fervently opposed by the syndicalists. They asserted that the *Worker* was a powerful voice for labour and industrial unionism. Whilst it should support the NZLP, it should not be uncritical support as the paper had a role to represent the labour movement and not to be held hostage by the 'political bosses' of a small section of that movement. The arguments regarding the editorship and political direction of the *Maoriland Worker* proved to be the most visible indication of the hostility between the proponents of parliamentary reform (and democratic socialism) and those advocating industrial revolution.

It was perhaps inevitable that the paper would be the centre of conflict, given its history. The *Maoriland Worker* had been established as a means by which all of the various strands of thought within the labour movement could be represented.³⁰⁵ This noble intention was proclaimed by the *Maoriland Workers'* original masthead which declared that it was "a paper

³⁰¹ Ibid. pgs. 3 -4. See also; "Straight Talk. Capitalism and Syndicalism," *Maoriland Worker*, October 1, 1919. pg. 4.

³⁰² William Kraig, "The One Big Union Problem," *Maoriland Worker*, April 30, 1919. pg.4.

³⁰³ William Kraig, "One Big Union and Politics," *Maoriland Worker*, July 28, 1920. pg.2.

³⁰⁴ P King, "Political versus Industrial Action," *Maoriland Worker*, July 28, 1920. pg.6.

³⁰⁵ "The Maoriland Worker - Its History," *Maoriland Worker*, July 18, 1923. pg. 4

devoted to the promotion of industrial unionism, socialism and progressive politics.”³⁰⁶ While the paper’s policy adhered to the programme of the 1910 Annual Conference of the Trades and Labour Councils, including the TLC’s objective of the “socialisation of the means of production, distribution and exchange,”³⁰⁷ the paper also appealed to moderate workers who supported Liberal-Labour. In its first edition, the radical Liberal MP, T E (Tommy) Taylor endorsed the paper and remarked upon the importance of having an independent labour publication which would act as a counter to “... the confirmed Tories and social snobs” which operated the others.³⁰⁸

On 8 October 1913, after the conclusion of the Unity Conference, the paper’s masthead was changed to reflect its new role as the official publication of the United Federation of Labor and the Social Democratic Party.³⁰⁹ In 1919, the *Worker* became the official publication of the newly established NZLP, which had incorporated the SDP.³¹⁰ Although the NZLP was not formally on the *Maoriland Workers’* Board, under its rules of association the paper was obligated to support the Party.³¹¹ This relationship was officially reflected in the masthead of the *Maoriland Worker* which contained the legend, “The official organ of the United Federation of Labor and the New Zealand Labor Party.”³¹²

Syndicalism and Direct Action – The New Editor’s Syndicalist Intentions

In 1919, the *Worker’s* Management Board appointed William Kraig as the *Maoriland Worker’s* new editor.³¹³ Kraig was an experienced journalist and had a previous association with the *Worker* having been an advisor to the paper’s Board when it was first established.³¹⁴ An introductory article welcoming Kraig to the editorship of the paper described him as an “...able writer and a fearless and consistent advocate of working class rights.”³¹⁵ Kraig was “... a strong anti-militarist and a firm believer in political action in both the industrial and legislative arena”. The article also went on to observe that Kraig “... regard[ed] industrial unionism as the basic foundation of all working-class action in the future”.³¹⁶ Kraig was a syndicalist and an active proponent of direct industrial action. Consequently, he allied himself with Arthur Cook and the syndicalists within the New Zealand Workers Union and quickly found himself offside with the NZLP Executive and the Parliamentary caucus.

For Kraig, the principal points of contention were the *Maoriland Worker’s* relationship with the NZLP and the paper’s promotion of parliamentary reform. Kraig had made it clear in his first editorial that he did not perceive the role of the *Maoriland Worker* as being an uncritical

³⁰⁶ “Maoriland Worker Masthead,” *Maoriland Worker*, September 15, 1910. pg. 1

³⁰⁷ “Policy of ‘The Maoriland Worker,’” *Maoriland Worker*, September 15, 1910. pg. 5.

³⁰⁸ T E Taylor, “The Need for a Labor Paper,” *Maoriland Worker*, September 15, 1910. pg.4.

³⁰⁹ “The Maoriland Worker Masthead,” *Maoriland Worker*, October 8, 1913. pg. 1.

³¹⁰ “Maoriland Worker. Masthead,” *Maoriland Worker*, January 8, 1919. pg. 1. This was the first Masthead to proclaim that the *Worker* was the official publication of the Federation of Labor and the NZ Labor Party. Previous editions had retained the paper as the official publication of the SDP.

³¹¹ William Kraig, “A New Broom Sweeps Clean,” *Maoriland Worker*, March 5, 1919. pg.4.

³¹² “MW,” January 8, 1919. pg. 1.

³¹³ “Our New Editor,” *Maoriland Worker*, February 12, 1919. pg.7.

³¹⁴ “MW,” July 18, 1923. pg. 4.

³¹⁵ “MW,” February 12, 1919. pg.7.

³¹⁶ *Ibid.* pg.7.

supporter of either the NZLP or parliament.³¹⁷ Instead, Kraig claimed that the role of the paper was to;

... exercise the right to watch with a critical eye, but with a just judgment, all the representatives of Labor, and [it] will not hesitate, when necessary, to express its opinions in regard to the actions and utterances of all Labor representatives. This, indeed, is one of the chief duties of a Labor organ, and is one that the present editor is given the right to exercise, and will exercise, not arrogantly or for petty personal ends, but with a due regard to the nobility of his calling and the great responsibility of his high office, the highest a man could occupy in the Labor movement.³¹⁸

The focussing of Kraig's critical eye did not take long. In April, the paper refused to support Labour's policy regarding the liquor question.³¹⁹ Kraig declared the *Maoriland Worker* for prohibition against the NZLP's policy of state control and political neutrality over the issue. From the NZLP perspective, such a move was perceived as a betrayal of the paper's commitment to the Party and was bitterly attacked by Holland.³²⁰ In an editorial response, Kraig chided Holland and the NZLP, observing that the paper acted on behalf of the labour movement and not the NZLP.³²¹

As the official organ of the Labor Party, *The Worker* gives general approval and support to the policy of that Party in the interests of the movement as a whole. But, *The Worker* is a trustee of the whole movement; it must do justice to all sections of the movement and all shades of opinion in the movement, and if it cannot do that, if it has to regard its chief function as being to say "Hear, Hear" to the decisions of the Labor Party, it will fail to fulfil its proper functions.³²²

Incensed, Holland brought the matter up at the NZLP's 1919 Annual Conference. The argument between the *Worker* and the NZLP appears to have had the effect of uniting both the Left and Right of the Party. NZLP President JT Paul informed Conference delegates that he had also written to Kraig on the Party's behalf³²³. Paul's letter supported Holland's assertion that the *Maoriland Worker's* articles of association committed the paper to support the NZLP's policy and platform.³²⁴ The Conference sided with Holland and Paul over the issue and also moved that the NZLP obtain representation on the Worker's Board³²⁵. Additionally, a deputation headed by Paul had waited upon the Chairman of the Worker's Board (J Glover) and had sought and achieved a commitment from the *Worker* that the editor and the paper would:

³¹⁷ Kraig, "MW," March 5, 1919. pg.4.

³¹⁸ Ibid. pg. 4.

³¹⁹ H E Holland, "Labor and the Liquor Question," *Maoriland Worker*, April 9, 1919. pg.4.

³²⁰ Ibid. pg.4.

³²¹ William Kraig, "Labor Party and Labor Press," *Maoriland Worker*, April 9, 1919. pg.4.

³²² Ibid. pg.4.

³²³ "New Zealand Labor Party Fourth Annual Conference. A Year's Work Reviewed," *Maoriland Worker*, July 9, 1919. pg. 5.

³²⁴ "New Zealand Labor Party Fourth Annual Conference," *Maoriland Worker*, August 13, 1919. pg.3.

³²⁵ Ibid. pg. 3.

... whole-heartedly support the principles and policy of the Party as determined at the Annual Conference, and not to oppose or adversely criticise such policy.³²⁶

The Unrepentant Editor

Despite this commitment, Kraig was unrepentant. As a result, the relationship between both bodies grew even more contentious during and after the 1919 Election. In the aftermath, the paper was accused by the NZLP Leadership of providing the Party with scant coverage during the campaign. It was alleged that the *Worker* had not even printed the NZLP's official election manifesto and had attacked the Party's programme in its pages.³²⁷ Kraig's subsequent comments, in the edition published immediately after the election, that the money spent on elections might have been better spent on 'reconstruction,' further antagonised the situation.³²⁸ Subsequently, the Party's Press Committee reported to the NZLP's Annual Conference in July 1920 that the *Maoriland Worker* had failed to support the NZLP despite its previous commitment and its articles of association. Holland read out the Committee's report and remarked that;

When the five Labor members made their determined and uncompromising fight, in the last session they received no help from the official organ; when the great, working-class battle at the polls occurred in December last, we were without that journalistic backing which the working men were entitled to demand from the leading columns of the National official organ; in the present session of Parliament, another uncompromising fight is being made by the eight Labor members; but in the leading columns of the official organ there is no indication of the solid stand that is being maintained on the floor of the House.³²⁹

However, Kraig did receive some support from an unexpected source at the Conference. McCombs challenged Holland's interpretation of the paper's motives, noting that he did not understand how the paper had 'undermined' the NZLP's position on the Peace Treaty.³³⁰ Further, he informed the Conference that he had provided Kraig with copies of his speeches from Hansard and was confident that these had been reported in the paper.³³¹ Holland responded that McCombs' experiences with the paper were not his.³³² Armstrong, siding with Holland, observed that the paper had a responsibility to print NZLP material.³³³ Another delegate, Forde, observed that he was "... mainly concerned with the leading articles of *The Worker*, and he thought from that standpoint the paper had failed. Some drastic change was

³²⁶ Ibid. pg.3. See also; P J O'Farrell, *Harry Holland. Militant Socialist* (Canberra, Australia: The Australian National University, 1964). pg. 112

³²⁷ "New Zealand Labor Party Fourth Annual Conference," *Maoriland Worker*, September 1, 1920. pg. 5.

³²⁸ "The Elections," *Maoriland Worker*, December 3, 1919. pg.5.

³²⁹ "MW," September 1, 1920. pg.5.

³³⁰ Ibid. pg.5.

³³¹ Ibid. pg.5.

³³² Ibid. pg.5.

³³³ Ibid. pg.5.

necessary in the interests of the movement".³³⁴ The concerns of McCombs were swept aside as the Conference endorsed the Committee's report.

However, if Kraig's behaviour had alienated the NZLP, it was warmly supported by the Annual Conference of the New Zealand Workers' Union, held in May 1920.³³⁵ Conference delegates, including some future NZLP MP's such as Frank Langstone, observed that the paper had a duty to represent the entire labour movement and that it was not simply the apologist for the NZLP.³³⁶ Those opposed to the direction of the paper, it was suggested, were simply exhibiting "jealousy" as they had not secured the "editor they wanted." Holland and the NZLP were described as "freaks" who were now trying to "burst up the *Worker*."³³⁷ The NZWU Secretary, Arthur Cook informed NZWU delegates that the new political direction of the paper would halt its declining circulation. He asserted that this decline was solely due to the *Worker's* previous commitment to reformism and parliamentarism.³³⁸ Cook confidently informed the Conference that;

Now that it was decided to make it [the *Maoriland Worker*] an industrial organ it would get the support of many unions that would not support it before. Too much political dope had been served out in the past. He [Cook] had got sick of the seeing the doings of the Big Four – Semple, Fraser and Co – chronicled. He believed that it [the paper] would get support if it advocated industrialism and the One Big Union.³³⁹

Doubtless buoyed by the support shown by various industrial sections of the Labour movement, Kraig took the initiative in July 1920 to sever the official association of the *Worker* with the NZLP.³⁴⁰ He declared in an editorial that the role of the paper was not to simply say 'Hear Hear to Labour politicians.'³⁴¹ In a direct retort to Holland and the Party, he proclaimed;

There are political representatives in the movement, with intelligence enough to know better, who declare that the Platform can beat the Press. Argument is futile with people who hug such a delusion. In fact, those who put it forward are very keenly alive to the value of the Press, and in many instances are no mean writers themselves. Their whole attitude to the Press gives the lie direct, to their ludicrous argument, upon which no further time need be wasted. There are others again who are so keen on having a Labor daily that they are starting to build up one before they are ready, and risking the possibility of valuable time, effort and money being spent on wrongly-conceived ideas, to be carried into operation by men who can be described only as bungling amateurs so far as the newspaper business is concerned.³⁴²

³³⁴ Ibid. pg.5.

³³⁵ NZ Workers' Union, "NZ Workers' Union Annual Conference," *Maoriland Worker*, June 30, 1920. pg.9.

³³⁶ Ibid. pg.9.

³³⁷ Ibid. pg.9.

³³⁸ Ibid. pg.9.

³³⁹ Ibid. pg.9.

³⁴⁰ Brown, *The Rise of New Zealand Labour. A History of the New Zealand Labour Party from 1916 - 1919*. pg. 47

³⁴¹ Ibid.pg. 47

³⁴² "Labor Party and Labor Press," *Maoriland Worker*, July 7, 1920. pg.2.

The most obvious sign of this political estrangement was the paper removing the reference to the Labour Party from its masthead. In its place, the *Maoriland Worker* imposed a new masthead, in which it committed itself to being a journal 'of Industrial Unionism, Socialism and Politics.' The paper did, however, continue to provide a dedicated NZLP page which had been promised by the Board of Management of the *Worker* to the Party in 1919.³⁴³

Not content with separating the Party and the paper, Kraig appears to have sought out other opponents in the labour movement as well. Editorials in the August edition of the *Worker* became increasingly vitriolic and damning both of Labour politics and of individuals within the labour movement. In the editorial of 25 August, Kraig intervened in a bitter demarcation dispute between Cook (and the King Country Timber Workers Union) and John Read (and the Wellington Timber Yards and Sawmills Union). Siding with Cook, Kraig publicly denounced Read, proclaiming that he was the sort of unionist, organised labour could do without.³⁴⁴

Mr. Read is a type of Labor bureaucrat that is a hindrance to the Labor movement. By being "in" the movement, Mr. Read means being a barnacle of a bureaucrat who never moves except when forced, or when nominations for offices of honour or profit are being called for.³⁴⁵

Such comments might have proved to be the proverbial step too far for the *Worker's* Board of Management. In the edition of 8 September 1920, Kraig is no longer listed as being the paper's Editor. Instead, it is reported that P H "Pat" Hickey had become its new 'Managing Editor'.³⁴⁶ Although there is no official comment in the *Worker*, it appears that Kraig was dismissed from the paper at the end of August 1920 by the Board.³⁴⁷ That his removal was divisive was revealed by a small notice in the edition of 15 September 1920. It informed readers that a special meeting of the NZWU Executive was being called for that date. The purpose of the meeting was to;

... consider the attitude of the Union delegates on *The Worker* Board of Management. This has been convened on the motion of Mr. R Templeton who alleges that the Board delegates have acted contrary to the New Zealand Workers' Union constitution.³⁴⁸

The argument over the *Maoriland Worker* was not merely about personalities or whether the paper critically or uncritically supported the NZLP, although these matters played an important part in the dispute. The conflict over the *Worker* was part of a wider fight over the political and ideological direction of the labour movement, the implementation of socialism and the creation of a workers' state. The *Maoriland Worker* played a central role in that conflict due to its importance as a primary mass source of information and instruction for workers. Subsequently, both the NZLP and the syndicalists realised that they could ill-afford not to be in control of the paper. Eventually, the Labour Party prevailed. This outcome was partly due to Kraig's own carelessness. It appears that, to use the adage, "he had won the battle, but lost the war". It was also because, regardless of what Kraig and Cook believed,

³⁴³ "MW," August 13, 1919. pg.3.

³⁴⁴ William Kraig, "Building a New Constitution," *Maoriland Worker*, August 25, 1920. pg.2.

³⁴⁵ Ibid. pg.2.

³⁴⁶ "Ourselves," *Maoriland Worker*, September 8, 1920. pg.2.

³⁴⁷ "NZ Miners' Annual Conference. Eighth Day's Sitting," *Maoriland Worker*, September 19, 1923. pg.10.

³⁴⁸ "Special Conference. An Explanation," *Maoriland Worker*, September 15, 1920. pg.9.

there was a strong desire, particularly amongst unions, to support a united Labour Party in parliament. In 1919, the NZLP had achieved the election of 8 MPs. This was a larger number of MPs than any of the other Labour or Socialist parties had previously achieved. Henceforth, it was seen as important not to isolate the NZLP and lose those gains.

The syndicalists lost the conflict over the *Worker* because they were outmanoeuvred by the NZLP and its supporters. The unions made up the paper's Board of Management and there were a number of Labour activists who were also union officials who were appointed to that Board. It was the Board which ultimately decided the editorial policy of the paper and chose the editor. This was a lesson that Kraig appears to have learnt at his own cost.

Labour's Love Regained: The *Maoriland Worker* reaffirms its support of the NZLP

Hickey carried on as the *Maoriland Worker's* Editor until 1922 after which James Thorn was appointed to the position.³⁴⁹ Thorn was an active NZLP member and his ascension effectively meant that the Party had regained editorial control. The *Maoriland Worker* once more became the NZLP's 'unofficial' publication and, as such, it promoted the Party's virtues of parliamentary socialism and democratic reform. However, the *Maoriland Worker's* days were numbered. In its edition of 30 January 1924, readers were informed that the *Worker's* board had decided to change the paper's name to the '*New Zealand Worker*'.³⁵⁰ When the new paper was published, its masthead declared that the '*New Zealand Worker*' was "A New Zealand paper for New Zealand people". Gone were any references to the Labour Party and Unions and any official recognition of socialism. Not that such official references mattered as increasingly the *New Zealand Worker* became the paper of the NZLP during the 1920s, with its content being the speeches, policy programmes and thoughts of Labour Party personages. Kraig might well have ruefully observed in the *Worker* that the "political bosses" had won.

Radicals and the Political Boss

The *Maoriland Worker* was not the only point of visible conflict between the NZLP and the militant left. There was also a revolt within the NZLP, through various branches and affiliated unions, to reduce the prestige of its parliamentarians and to commit it to a platform of radical socialism. These attempts and demands tended to be made by the Party's left and supported from outside the organisation by the syndicalists or other left groups. The principal motivation behind the motion appears to have been the assertion by a section of the Party that the membership and not the parliamentarians set the NZLP's agenda and programme.³⁵¹

The role of the parliamentarians was a vexed question within the Labour Party during this period. Much of the criticism about the role and dominance of the PLP within the NZLP was the result of various disputes and conflicts within other Labour parties. While the British Labour Party was mentioned as having unrepresentative MPs, special attention was drawn to the Australian Labor Party (ALP), in particular the federal ALP.³⁵² The ALP was riven with discord which was perceived to be the direct result of the actions and activities of both state and federal MPs and labour leaders. Subsequently, critics of the parliamentarians and the

³⁴⁹ "Editorial Change," *Maoriland Worker*, May 25, 1921. pg. 2.

³⁵⁰ "The Maoriland Worker. Notice to Readers," *Maoriland Worker*, January 30, 1924. pg.4.

³⁵¹ "New Zealand Labor Party Fourth Annual Conference," *Maoriland Worker*, July 28, 1920. pg. 7.

³⁵² Ibid. pg. 7.

supporters of the remits referenced the actions of ALP politicians, and particularly the former leader of the Federal ALP, William 'Billy' Hughes, as an example of what occurred when the parliamentarians and not the membership were in control of the party.³⁵³

In 1920, a remit was moved at the NZLP Conference proposing to remove the right of the Party's parliamentarians to hold Executive office within the Party.³⁵⁴ The motion prompted considerable debate by conference delegates. Fraser, who was in the Chair as Vice President, did not take part in the debate and refused to provide an interpretation of what the motion might mean for existing or new NZLP Executive members who were parliamentarians, as he was personally involved.³⁵⁵ Holland was absent for the initial debate.³⁵⁶ The motion was initially approved by 29 votes to 17, with the provision that it not be enacted until the following year.³⁵⁷ However, the next day Holland returned and announced his decision to revisit the issue.³⁵⁸ The question was re-opened by Conference which, after considerable debate, decided to overturn the previous agreed motion by 37 votes to 14.³⁵⁹ An additional motion that the matter would be revisited in 6 months and that the result would be binding on electorates was also passed.³⁶⁰ However, it appears nothing became of it.

Syndicalist Support of Motion

Although the Syndicalists were not responsible for the motion, they supported the removal of political power from the parliamentarians and, subsequently, they supported the resolution to the utmost. The *Maoriland Worker* railed against Holland and his supporters. Kraig, who at the time was still Editor, responded to Holland's contentions that the motions effectively meant that MPs were disenfranchised from their own Party by commenting that;

The argument used by Mr. Holland that the decision of the Party that members of Parliament should be debarred from holding executive office within, the party, means their disfranchisement, is weak. Every man holding a responsible position as a representative of Labor has rights and privileges belonging to that position, and must, in return for these, give up other rights and privileges. This principle has not been recognised by the Labor movement hitherto, the result being that although "one man one job" has been preached as a principle of Labor, it has been dishonored by not being practised.³⁶¹

While *The Worker* had indicated one of the concerns that had been expressed within the debate, that of "one man, one job," it was not the principal concern of those at conference. Rather, their concern was regarding the amount of control which the parliamentarians could or should exercise over the Party. A significant section of the NZLP membership felt some

³⁵³ Ibid. pg.7.

³⁵⁴ Ibid. pg.7.

³⁵⁵ "MW," July 28, 1920. pg. 7.

³⁵⁶ "New Zealand Labor Party Fourth Annual Conference," *Maoriland Worker*, August 4, 1920. pg.7.

³⁵⁷ "MW," July 28, 1920. pg. 7.

³⁵⁸ "MW," August 4, 1920. pg. 7.

³⁵⁹ "New Zealand Labor Party Fourth Annual Conference," *Maoriland Worker*, August 11, 1920. pg. 7.

³⁶⁰ Ibid. pg. 7

³⁶¹ William Kraig, "Labour Members and Their Status," *Maoriland Worker*, August 11, 1920. pg. 2.

apprehension that, as in the United Kingdom and Australia, the Party membership would be removed from the decision-making process as the number of MPs increased.³⁶²

Holland's Response – Labour's Working Class Mission

Holland's response, and that of the supporters of the PLP, was that Labour MPs should not be refused positions within the Party simply because of their status. This was particularly important, Holland observed, since the Labour Party was campaigning in parliament that workers and other oppressed people, such as the Samoans, should not be denied representation on the basis of their status.³⁶³ Subsequently, it was contradictory to remove the rights of MPs while expecting them to continue to campaign for the rights of others.

However, the central point of Holland's reply related to the relationship between Labour MPs and NZLP members. Holland asserted that it was a close relationship, which was founded on the MP's origins from within the working class and their involvement within working class organisations. Consequently, NZLP MP's, unlike some of their international counterparts, were very aware of the Party's status as a working-class Party.³⁶⁴ Holland asserted that it was impossible for Labour MP's not to beware of, or forget their 'working class mission' as Labour's parliamentary opponents would not allow them to do so.³⁶⁵

Labor members in Parliament would no more succumb to their environment than the well paid official of an industrial organisation would. Let them read the speeches in Parliament, they would realise the venom and hatred which the Parliamentary party was up against. There was not much danger of them forgetting their class mission, because the enemies of the working class would see to it that they did not forget.³⁶⁶

Claiming that it would be unlikely that Labour parliamentarians would be unrepresentative due to their working class and socialist principles, Holland does not address the statement made by Armstrong, soon to become a Labour MP and later a Cabinet Minister, when moving the motion that the numbers of MPs could mean that rank and file Party members would be alienated from the decision-making processes. Rather, Holland asserts that trust needs to be placed in the principles of the PLP and in the democratic mechanisms of the Party.³⁶⁷ In short, Party members needed to have trust and faith in their labour representatives.

Labour's Rejection of Industrial Revolt and Direct Action

There was an attempt to pass another, similar, resolution at the 1921 Conference which was also unsuccessful.³⁶⁸ It appears that the outcome of the 1920 Conference had muted the criticism about the role of the PLP within the Party. Consequently, there was a change of tack. Instead of directly confronting MPs at the 1922 Annual Conference attempts were made to

³⁶² "MW," July 28, 1920. pg. 7.

³⁶³ "MW," August 11, 1920. pg. 7

³⁶⁴ Ibid. pg.7.

³⁶⁵ Ibid. pg. 7.

³⁶⁶ Ibid. pg.7.

³⁶⁷ "MW," July 28, 1920. pg.7.

³⁶⁸ "New Zealand Labor Party. Fifth Annual Conference," *Maoriland Worker*, August 3, 1921. pg.7.

commit the Party to direct action.³⁶⁹ A remit was moved by the Canterbury Trades and Labour Council proposing that the objective of the Party be changed to include the “break [ing] and shatter [ing] the available ready machinery of State”.³⁷⁰ What is notable is that both of the remits were handily defeated at the respective Conferences. At all three Conferences, the NZLP leadership, principally Fraser and Holland, had emphasised that the objective of the Party would be achieved through constitutional means. Holland, who still perceived himself as a Marxist and continued to rail against the injustice and violence of the capitalist state in Parliament, declared that the 1922 remit was “... entirely foreign to the spirit of the Labor movement”.³⁷¹

Conclusion: The Radical Rejection

The outcome of the syndicalist takeover of the *Maoriland Worker* and the radical left’s conference remits to reduce the power of the MPs and to commit the NZLP to a programme of direct action, was defeat. In both instances the NZLP and the Party leadership were able to quell discontent and to overcome radical sentiment. In doing so, the NZLP demonstrated two important details about itself.

Firstly, that the NZLP would pursue socialism through constitutional and parliamentary methods. The Party was not receptive to direct action or militancy as a means of pursuing and achieving its programme and platform. In the aftermath of the 1921 Conference, NZLP National Council member C H Chapman wrote to the *Maoriland Worker* praising Fraser’s recognition that the only means of progress by the Party was through constitutional means and commenting that there was remarkable degree of “unanimity” at the Conference about this issue.³⁷² It was a sign, Chapman asserted that;

... that the Party as a whole is convinced that transformation of the existing order is possible only when the principles of socialism have by propaganda, permeated society. The growth of these principles can reasonably be measured by the number of votes cast at any time by the candidates put up by the Party.³⁷³

Chapman’s comments draw attention to the fact that the PLP was supported by the larger Party membership and affiliated unions. While the defeat of the 1920 conference remit did require the direct intervention of Holland, the membership nonetheless eventually supported the actions of the MPs. There appeared to be little desire on the part of the NZLP membership to alienate either the PLP or to advocate for revolutionary methods as Kraig and Cook discovered. The majority of the Conference delegates and the larger Party membership appeared to be satisfied with the parliamentary route to socialism as advocated by the Party’s working class MPs. The membership placed its faith in their MPs and believed Holland when he stated that Labour MP’s were their political representatives.

Secondly, the Party perceived itself as the sole political representative of labour. Although there was obviously some sympathy toward aspects of the syndicalist programme by some

³⁶⁹ “Sixth Labour Party Conference,” *Maoriland Worker*, August 3, 1922. pg. 5.

³⁷⁰ Ibid. pg. 5

³⁷¹ Ibid. pg. 5.

³⁷² C H Chapman, “Labour Party Conference,” *Maoriland Worker*, July 27, 1921.pg. 6.

³⁷³ Ibid. pg. 6

members of the Party left, the programmes and platform of the syndicalists, their allies, and later, the Communists, were largely dismissed by the NZLP as being unrepresentative of workers. It was the battles waged by the NZLP which became the battles of the 'working class' and the labour movement as a whole. So, when Holland declared that the 1919 General Election was a great working class contest, it was taken as a given that this was, indeed, the case. This perception that Labour was the sole representative of workers' political interests led to the NZLP demanding loyalty from the various organisations within the labour movement. The Party justified this approach by observing that it had been established by trade unions, which were affiliated to it, and labour/socialist parties. Consequently, dissent in any form was, or could be perceived as, treasonous, as Kraig had discovered.

The syndicalists and their allies did not help their cause by their continued hostility toward the Party. The intransigent attitudes of the NZWU, Cook, Roberts and Kraig merely entrenched the attitude of the Party leadership that they could not talk with or cooperate with the militants. This antagonism led to a political "cold war" between the leadership of the NZLP and the AoL throughout the 1920s, with both sides accusing the other of betraying the cause of labour. Eventually, this rift was healed by the severity of the 1930s "Great" Depression. The chaos and misery caused by the Depression convinced both organisations that labour unity was a more rational approach to overcoming the dire situation of the labour movement than ongoing ideological dissent and division.

Chapter Six: Red Obstacles on the Parliamentary Road to Socialism: Labour and the Spectre of Bolshevism.

Introduction

In the early 1920s, the New Zealand Labour Party faced a more potent challenge to its socialist programme. The Communist Party of New Zealand (CPNZ) had been formed in 1921 with the aims of promoting the revolutionary socialist programme of the Bolshevik Party and the newly established Union of Soviet Socialist Republics.³⁷⁴ Throughout the 1920s, the NZLP and the CPNZ maintained an acrimonious relationship with each other brought about by their competition over a common electoral and political base and a shared commitment to a socialist objective and programme. While opposed or critical of Soviet-style socialism, the Labour Party, nonetheless, needed to present itself as a radical, and yet practical, choice for socialists to support.

Despite the altercations between both bodies, the NZLP, its leadership and its agencies such as the *Maoriland/New Zealand Worker*, had at various times officially promoted and endorsed aspects of the emerging Soviet regime and its leadership. Yet, the Party additionally took considerable care to distance itself from the CPNZ and its associated agencies (such as the Friends of the Soviet Union (FSU)). This led to a number of occasions when NZLP representatives, and those of the CPNZ, would publicly criticise the leadership, programme and platform of the other.

Labour's political opponents used the Bolshevik threat to challenge the NZLP's socialist objective and its political programme. The Reform and Liberal Parties and the Press alleged that the NZLP was a "fifth column" for the Bolsheviks and, despite the Party's claims to pursue socialism through Parliament, that the NZLP's programmes and methods were undemocratic. Although such claims were rejected by the NZLP, accusations alleging that the party was actually revolutionary socialist in nature and, in league with the Bolsheviks did have a studied effect on the NZLP's political and ideological development.

This chapter will discuss how the NZLP's political opponents drew attention to the association between Labour and revolutionary socialism and the effect that their criticism had on the NZLP's political objectives and programme. The chapter will also examine the methods by which the NZLP rejected the programmes and objectives of the revolutionary socialists. In contrast the NZLP developed its own programme of parliamentary socialism which would be achieved through the electoral process.

NZLP and the CPNZ: The Struggle over Socialism

In the early 1920's there was a spectre haunting the New Zealand Labour Party. That spectre was Bolshevism. Subsequently, the NZLP became involved in a philosophical, organisational and programmatic conflict with that spectre and its New Zealand personification, the CPNZ (Communist Party of New Zealand). The CPNZ was established in the aftermath of the

³⁷⁴ J R Powell, "The History of a Working Class Party 1918 - 40" (MA, Victoria University of Wellington, 1949). pg. 5.

Bolshevik Revolution in Russia from assorted New Zealand socialist groups.³⁷⁵ The CPNZ's principal objectives were to establish similar revolutionary socialist political consciousness amongst workers and support for the new regime.³⁷⁶ The CPNZ was provided with political support and guidance from the Third Communist International, which was based in Moscow.³⁷⁷ While the International urged a rapprochement between the different parties which represented Labour, it also clearly spelt out that Moscow-aligned communist parties needed to be at the forefront of the socialist movement.³⁷⁸

The alleged connection between the NZLP and the CPNZ was exploited by the NZLP's political opponents and the Press. They alleged that both groups supported the same socialist principles, and that both parties appealed to the same class of extremist revolutionary unionists and workers³⁷⁹. In parliament and in the editorial pages of the nation's Press, Labour Party MPs and NZLP leaders were assailed about previous sympathy they had expressed toward revolutionary socialism or, and more annoying to the NZLP leadership, about NZLP members who publicly supported the reforms and programmes of the Bolsheviks.

Labour's Red Programme

Unsurprisingly, Labour's opponents asserted that there was a commonality of programmes. Labour and the Bolshevik regime advocated, and in the case of the Bolsheviks practised, an extensive programme of nationalisation. Labour proposed to nationalise the mines, shipping and essential economic services as well as to establish a state bank, to the exclusion of private banking interests.³⁸⁰ Labour's land policy drew particular conservative attention. The policy proposed that land ownership would gradually be transferred to the State. The State would then lease it to individual farmers. Land would be provided to farmers based on 'occupancy and use' which, according to the policy, would "... secure to the farmer the full fruits of his labour and exertions".³⁸¹ The Party attempted to pass this off as a radical extension of the Liberal's Lease-Hold policy, as Holland informed a rural audience in Putaruru;

He [Holland] said that neither the Reform Party's freehold nor yet the leasehold advocated by sections of the Liberal Party satisfied the Labour Party. What the Labour Party desired and stood for was in reality a usehold. Their [Labour's] platform declared for a land tenure based on occupancy and use of the land designed to give the working farmer the full fruit of his labour and exertions.³⁸²

³⁷⁵ O'Farrell, *Harry Holland. Militant Socialist*. pg.108. These organisations were the New Zealand Marxian Association, which sought to encourage, as O'Farrell notes "a sympathetic attitude to the Russian revolution" and the Socialist Party.

³⁷⁶ Powell, "The History of a Working Class Party 1918 - 40." pg.5.

³⁷⁷ Ibid. pg.5. Powell notes that at this point the CPNZ was an adjunct of the Australian Communist Party. It was not a unified body and only became so that decade. It was in 1928, when it became a separate party, that it officially affiliated to the Third International.

³⁷⁸ Menshevik, "Labour Party," *Evening Post*, March 5, 1924. pg.9

³⁷⁹ *New Zealand Parliamentary Debates*, vol. 186. pg.218.

³⁸⁰ "General Election. The Labour Party's Programme," *Marlborough Express*, September 3, 1919. pg. 7.

³⁸¹ "Land and Finance. Speech by Labour Leader," *Arunui Press*, February 6, 1925. pg.np.

³⁸² "Labour's Policy. Leader at Putaruru," *Putaruru Press*, March 5, 1925. pg.np.

However, such explanations did not clarify the policy and left the suspicion that it promoted substantial land nationalisation like that practised within Russia.³⁸³

In 1925, the Reform Party published election posters alleging that the NZLP was an agent of the Soviet Union. Underneath a crude drawing of a supposed Russian Revolutionary, the party asked voters to consider why Labour had supported a crippling strike in the United Kingdom which had harmed New Zealand exports. Reform alleged that the reason that Labour supported such a strike was due to its commitment to Bolshevism. The poster announced that;

[t]he fact has been disclosed that Communist agents, inspired by Russian hatred of Britain's opposition to the spread of Bolshevik influence, are seeking the ruin of the British Empire. The shipping strike is but one example of the insidious methods practiced. Bolshevik leaders in Russia are pulling the strings, and extremists in the Labour movement in Britain and elsewhere are their puppets.³⁸⁴

Subsequently, Labour's enemies were able to maintain a general unease amongst the public about the policy by exploiting its "revolutionary" aspects as well as the obvious ignorance of its mechanics, as expressed by NZLP members and candidates.³⁸⁵ Both of these factors were obvious during the 1925 Franklin by-election, which had been caused by Massey's death. Lee, who helped Labour's candidate John Montgomerie during the campaign, remarked to Nash that the very mention of the policy chilled the audience "to a remarkable silence" at election meetings.³⁸⁶ He observed that the policy appeared to be a crude attempt to "immediately socialise all land values". It was, Lee asserted, a policy which desired to achieve "socialism in five minutes".³⁸⁷ Its inclusion as a part of Labour's platform, Lee concluded, had cost the Party the Franklin seat.³⁸⁸

Lee's comments indicate that he felt the real difficulty for the Labour Party was that it was committed to an extreme variant of socialism. Consequently, it was easy for conservatives to attack the NZLP as being extremist and aligned with the Bolsheviks. Certainly Reform and Liberal provocation focused on the similarities of the objectives of the parties and the threat that "extreme" Labour consequently presented to the electorate. Such speeches formed a significant proportion of the various attacks against the Party in Parliament. Repeated conservative allegations forced repeated Labour denials. As Howard observed in Parliament, "I repeat our platform is not a Bolshevik platform – that is to say, there is hardly a plank in common, except they stand for socialism".³⁸⁹

The perceived threat of Labour's socialism or bolshevism was used to attempt an amalgamation between the Reform and Liberal Parties in 1925, by the Independent MP, Harry Atmore.³⁹⁰ Atmore was a constant critic of the NZLP and referred to them on a number of

³⁸³ *New Zealand Parliamentary Debates*, vol. 206. pg. 253. See also; "The Franklin Seat," *New Zealand Herald*, May 26, 1925. pg.11.

³⁸⁴ Reform Party, "Will You Stand for This?" pg. 13.

³⁸⁵ P Fraser to E S Duke, "NZLP Correspondence," NZLP Correspondence, (May 26, 1926).

³⁸⁶ J A Lee and W Nash, "NZLP Correspondence," NZLP Correspondence, (June 9, 1925).

³⁸⁷ J A Lee to W Nash, "NZLP Correspondence," NZLP Correspondence, (June 18, 1925).

³⁸⁸ *Ibid.*

³⁸⁹ *New Zealand Parliamentary Debates*, vol. 195. pg. 438.

³⁹⁰ *New Zealand Parliamentary Debates*, vol. 206. pg. 402

occasions as “marxist – socialists”. On this occasion, he warned the Government and the Liberal Opposition that the danger of not uniting would be to place civilisation at risk.³⁹¹ He warned Parliament that, “[c]ommunists and revolutionary [s]ocialists are issuing a world-wide challenge to civilization, and it is our duty to combine all our sane progressive elements to fight the menace in this country”.³⁹²

Atmore claimed that electorally, the Labour Party had failed to convince workers to vote for it, both in the United Kingdom and in New Zealand.³⁹³ However, a “fusion” between Reform and Liberal was required due to the success that the “New Zealand Socialist group – which is called the Labour Party” - had in converting a number of workers to its position.³⁹⁴ Atmore cautioned that;

There is a real danger – a very real danger – of ignorant men misleading others who are entitled to information on subjects which, owing to limitations of time and for other reasons, they have not the time to study.³⁹⁵

Although Atmore’s claims were exaggerated and a number of them were also later proven to be incorrect, they did highlight two principal concerns that were shared by some Labour Party members. These were that the electorate was conservative and that socialism was unpopular. By the early 1920s, Labour was eager to expand on its electoral success of the 1919 election. This meant that the Party needed to appeal to conservative NZLP voters, who traditionally supported the Liberals and, to small business people and farmers.³⁹⁶ Neither of the two former groups were obvious supporters of socialism.³⁹⁷ Comparisons with the Bolsheviks were unhelpful in convincing either them or the wider electorate that Labour was an electorally safe option.

Ideological Dances: Labour Distances itself from the Bolsheviks

This rationale led to the NZLP attempting to distance itself ideologically and practically from the Bolsheviks and their affiliated parties. The first method which was employed was to explain that the Bolshevik regime was a result of conditions specific to Russia.³⁹⁸ However, this did not quell disquiet about the NZLP’s motives as some of its senior members had previously expressed admiration for the Bolsheviks and their ways and means.³⁹⁹ It was additionally noted by the Party’s political opponents that the Party Executive had sent a note of condolence to the Soviet Union on the death of Lenin.⁴⁰⁰ Such an action appeared to

³⁹¹ Ibid. pg. 403.

³⁹² Ibid. pg.403.

³⁹³ Ibid. pgs. 405 – 406.

³⁹⁴ Ibid. pg. 403.

³⁹⁵ *New Zealand Parliamentary Debates*, vol. 206. pg. 406.

³⁹⁶ M Fairburn & S Haslett, “How Far Did Class Determine Voting in New Zealand General Elections, 1911 - 1951,” *The New Zealand Journal of History* 39, no. 2 (2005). pgs. 227 – 228.

³⁹⁷ Ibid. pg. 227. Fairburn and Haslett note that the historiography of the 1922 – 1928 period was that Labour’s vote stagnated electorally as it was unable to broaden its vote outside of the working classes in the main towns and special rural seats. Electoral victory came in 1935 after it successfully broadened its support to include farmers and the middle class.

³⁹⁸ *New Zealand Parliamentary Debates*, vol. 195. pg. 495.

³⁹⁹ O’Farrell, *Harry Holland. Militant Socialist*. pg.108.

⁴⁰⁰ “Labour and Lenin,” *Evening Post*, February 21, 1924. pg.4.

suggest that while the NZLP were opposed to the Soviet regime on certain issues, it was not on others and was indeed sympathetic to it.

Another strategy was to publicly denounce both the Bolshevik regime and the local Bolshevik parties. McCombs, in particular, was known to be publicly hostile to the Bolshevik regime and was greatly affronted by the NZLP's decision to send condolences to the USSR on the death of Lenin.⁴⁰¹ He subsequently engaged in a very public war of words with the NZLP General Secretary, Walter Nash, about the NZLP's relationship with Bolshevism and the undemocratic policies of the Bolsheviks.⁴⁰² This debate was much to Nash's annoyance and probably chagrin as he, Nash, was not a Bolshevik supporter.⁴⁰³

The third approach appears to have been to ignore the CPNZ and the Bolsheviks (at least publicly) and concentrate on the ability of the NZLP to develop and deliver practical policies which would benefit workers and their dependents. Savage best exemplified this approach. During a parliamentary speech on the merits of the Public Trust office, which turned into a wider speech expressing admiration of public ownership, a Reform MP attempted to interrupt him to query Labour's support for the Bolsheviks.⁴⁰⁴ In response, Savage simply observed that it was not his concern as to whether the Russians did the "right or wrong thing" in relation to the Revolution and that he and Labour were not going to be engaged in "a side issue" in relation to the "rights and wrongs" of the Soviet regime.⁴⁰⁵ He then continued to extoll the public ownership model. This approach, which came to be employed more frequently by Labour MPs in the 1920s, emphasised the practical success of other Labour administrations in the United Kingdom and Australia in administering economic and social affairs rather than referring to ideological positions.

The final approach was for the NZLP to recapture and reframe the socialist programme. This approach was largely adopted by Holland and the Party Left. It was also the official policy of the Party. The basis of this approach was to assert that the Bolsheviks and the CPNZ had presented a biased analysis of socialism and that the NZLP needed to re-emphasise and explain its alternative socialist programme. The NZLP could achieve this feat through better publicity and education. The electorate would be gradually brought to socialism as a result.⁴⁰⁶ Supporters of this approach noted the increasing Labour vote and its Parliamentary representation at each election as proof that Labour was succeeding in convincing the electorate of its overall socialist programme.⁴⁰⁷

Labour: Creating Socialists

A number of Labour parliamentarians and Party members appear to hold variants of these approaches to a greater or lesser degree at various times. Some, like Edward (Ted) Howard,

⁴⁰¹ J McCombs to W Nash, "NZLP Correspondence," February 7, 1924.

⁴⁰² "Cable to Russia. A Further Letter from Mr McCombs," *New Zealand Worker*, February 1924.

⁴⁰³ K Sinclair, *Walter Nash* (Auckland, New Zealand: Auckland University Press, 1976). pg.34. Nash identified as a Christian Socialist. His ideology was clearly outlined in a letter to a friend when he stated that; "Everyone agrees that Socialism is right if it can be worked. If it is right it can be worked. If it is right then it is Christian. If it is Christian it will be worked because Christianity – Love must win."

⁴⁰⁴ *New Zealand Parliamentary Debates*, Vol. 195. pg. 495

⁴⁰⁵ *Ibid.* pg. 497.

⁴⁰⁶ Chapman, "Labour Party Conference." pg.6.

⁴⁰⁷ *Ibid.* pg.1.

appear to have endorsed two contradictory approaches. This was to both pledge opposition to and support for the Bolsheviks.⁴⁰⁸ Regardless of individual concerns it was, nonetheless, the official policy of the NZLP to effect a socialist programme. Certainly, Labour activists and members were as committed to the socialist ideal as their communist counterparts. The NZLP's foundation objective was, as Party members were very aware, the socialisation of the means of production, distribution and exchange. Its programme was designed to implement that objective. The problem remained how to explain the programme better to the electors and, in doing so, differentiate the NZLP's socialist programme from that of the revolutionists, who also claimed socialism as their guiding ideology.

An explanation of the Party's socialist programme would be best achieved through public education. This action would be undertaken by the NZLP at all levels. As the Party President T Brindle reminded the NZPL Conference in 1923, the primary role of the Labour Party was to "make more Socialists". Brindle told conference delegates to;

... enlist all those who desire to serve the world in our ranks, to rouse all those opposed to war in the knowledge that while Capitalism lasts, War is inevitable, to spread the Gospel of Service throughout the Dominion so that our children may develop their personalities to the full, our Mothers freed from the financial cares of the home; and that every man and woman desiring to work should be free from the Nightmare of unemployment. The Future is ours – open to us to endow.⁴⁰⁹

Subsequently, the Party engaged in a propaganda campaign to promote socialism and its agenda to the electorate.⁴¹⁰ To coordinate this campaign, the Party decided to establish its National Office on a 'solid basis' under the General Secretary, Nash.⁴¹¹ A central component of the new NZLP office would be the creation of a Labour Research Department and the institution of a Bureau of Information and Statistics. The establishment of these new units would ensure that;

... a constant stream of facts and statistics relating to national and international social, economic, industrial, financial and political conditions and situations will issue to Trades Unions and Federations, Trades and Labour Councils, Labour Representation Committees, Branches of the Labour Party, Parliamentary Labour Party, Labour Candidates for Parliament and Local Bodies.⁴¹²

This was a substantial undertaking on behalf of the Party and to help finance the new office, £1000 was required. Subsequently, an Office Establishment Fund was formed and party members and supporters were urged to pledge £1 per week to ensure its maintenance.⁴¹³

⁴⁰⁸ *New Zealand Parliamentary Debates*, vol. 195. pg.438

⁴⁰⁹ New Zealand Labour Party National Executive, "Report of the National Executive" (Wellington, New Zealand: New Zealand Labour Party, 1923).

⁴¹⁰ "Great Forward Move by NZ Labour Party," *Maoriland Worker*, April 25, 1923. pg1.

⁴¹¹ *Ibid.* pg.1.

⁴¹² *Ibid.* pg.1.

⁴¹³ *Ibid.* pg.1.

Revolutionary Constitutionalism : Labour as a Revolutionary Party

Education was to be required to quell one of the most damning accusations levelled against the NZLP which was that it was an extremist revolutionary party.⁴¹⁴ Labour attempted to defuse this argument by observing that it had at no point advocated violence or social unrest to achieve its objectives. The Party's position was that it had been created as a parliamentary party and that it was committed to the constitutional delivery of its policies.⁴¹⁵ Consequently, the NZLP was, as Parry informed an incredulous parliament, the most constitutional and democratic in the country.⁴¹⁶

The Labour Party is the only party in New Zealand at the present time that stands for a real constitutional form of government. We stand for a system of government that will give to ordinary people complete control over the parliamentary representatives of the country.⁴¹⁷

Additionally, the NZLP argued that the terms "extremist" and "revolutionary" could symbolise non-violent, yet radical, reform which was designed to substantially change the nature and direction of a society.⁴¹⁸ Holland ruminated on what that perspective meant when asked to define his revolutionary socialism as a consequence of a Court case brought against the *New Zealand Worker* by the Rev. Howard Elliott of the Protestant Political Association.⁴¹⁹

Subject to his own interpretation he [Holland] was prepared to carry the label of revolutionary Socialist. But that did not mean that he was a physical force revolutionist. Every great change in society constituted a revolution and the most revolutionary changes were those that came peaceably. Indeed, the change in the thoughts of men were one of the most revolutionary factors. He held that there was never a great material change that was not preceded by an intellectual revolution.⁴²⁰

In that context, the NZLP had no problems with the idea that its policies were revolutionary. Its radical economic, social and constitutional reform would provide the basis for the creation of a socialist society.⁴²¹ As Holland remarked to the House, there had been other well-known radicals throughout history, whose extremist views had a beneficial effect on society.

Would Christ ever have gone to the Cross if He had not been an extremist? Would the primitive Christians, especially during the first three centuries of Christian history, ever have been called upon to endure what they endured if they had not been extremists? Would

⁴¹⁴ *New Zealand Parliamentary Debates*, vol. 206. pg.120. Anderson, Reform's Minister of Labour in 1925, charged that the NZLP was beholden to the IWW, noting relationships of senior Labour MPs, principally Holland, with that organisation and its principles.

⁴¹⁵ *New Zealand Parliamentary Debates*, vol. 190. pg.237. See also: *New Zealand Parliamentary Debates*, vol. 191. pg. 303.

⁴¹⁶ *New Zealand Parliamentary Debates*, vol. 186. pg. 142.

⁴¹⁷ *Ibid.* pg. 142.

⁴¹⁸ *New Zealand Parliamentary Debates*, vol. 199. pg. 105.

⁴¹⁹ J Thorn, "Howard Elliot v. 'The Worker,'" *New Zealand Worker*, December 3, 1924. pg.1.

⁴²⁰ J Thorn, "Howard Elliot v. 'The Worker'. The Plaintiff in the Witness-Box," *New Zealand Worker*, December 10, 1924. pg. 1.

⁴²¹ *New Zealand Parliamentary Debates*, vol. 186. pg. 100

the Christians have made Christianity the power it eventually became if they had not been extremists?⁴²²

Holland asserted that extremism was not necessarily bad if it resulted in a better society. The NZLP, like Christianity, was committed to spreading its message to the wider population, converting them to socialism, as millions had been converted previously to Christianity. This was revolutionary, in that it constituted changing the intellectual and philosophical basis of capitalist society.

Conflict with the CPNZ

The decision by the NZLP to continue to promote itself as a parliamentary socialist party was attacked by the CPNZ. The Party had made it clear that it wanted to supplant the NZLP as the official party for labour and made it similarly clear that the NZLP and its leaders would be its principal target. CPNZ speakers condemned NZLP representatives, ridiculing their speeches and informing their audiences that the NZLP was ignorant of socialism and its platform was merely humane capitalism.⁴²³ In a front page article for the *Maoriland Worker*, J A McDonald, who recruited for the CPNZ in Wellington, wrote about the recognised ability of Labour parties to betray the objectives of the workers.⁴²⁴ Referring, in particular, to the programmes and policies of the Australian and British Labour Parties he observed that labour parties;

... took [their] stand on the side where [they] rightly belonged-the side of the ruling class. That they [Labour parties] will act differently in other countries to what they have done in Australia and England, no one with any degree of intelligence would suppose.⁴²⁵

The CPNZ also dispensed literature promoting the success of the Soviet economic miracle. The distribution of material could be done through the publication of its own material and by having Party spokespeople tour the country giving lectures. However, it substantially benefited the CPNZ when local or international Labour Party activists undertook to openly praise the Soviet regime as representing the pinnacle of practical socialism. One such person was Tom Carter.⁴²⁶ He was the chairperson of the Auckland East branch of the NZLP and had travelled extensively in Australia, America, Europe and the Soviet Union. Upon his return, the *New Zealand Worker* published his travel recollections. In these recollections, Carter provided a fulsome report about the expansion of Soviet industry and the nature of Soviet society in the developing Soviet Union.⁴²⁷

Such reports were provided with international credibility by people like the Fabian socialist and known British Labour Party supporter, George Bernard Shaw. Shaw, who had previously been a critical supporter of the Bolshevik regime in the early 1920s,⁴²⁸ later became an enthusiastic adherent. In the late 1920s, he visited the Soviet Union to ascertain their political

⁴²² Ibid. pg. 100

⁴²³ "Marxism versus Labor Politics," *Maoriland Worker*, July 28, 1920. pg. 3.

⁴²⁴ J A McDonald, "On a Labor Policy," *Maoriland Worker*, November 16, 1921. pg.1.

⁴²⁵ Ibid. pg.1.

⁴²⁶ "A New Zealander in Russia," *New Zealand Worker*, December 24, 1924. pg.1.

⁴²⁷ Ibid. pg. 1.

⁴²⁸ B Shaw, "Russian Frightfulness," *Maoriland Worker*, July 6, 1920. pg. 6. See also; B Shaw, "Dictatorship of the Proletariat," *Maoriland Worker*, December 14, 1921. pg. 8.

and societal development,⁴²⁹ and when he returned to the United Kingdom, he wrote a widely published series of articles on his experiences in which he praised the economic and social progress of the USSR.⁴³⁰

Reds in the Bed: CPNZ infiltration of the NZLP

In addition, the CPNZ resorted to more indirect means to disperse its message. Throughout the 1920s the CPNZ undertook entryism, in which a number of New Zealand communists attempted to indirectly infiltrate the NZLP or its affiliated bodies. In 1924, six members of the Otago LRC were expelled from the Party because they were active communists.⁴³¹ The six people in question made it easier for the NZLP to undertake expulsion by stating that their allegiance was to the Third International and the concept of violent revolution as a means of overthrowing capitalism. The report to the Labour Party Executive stated that;

[The] main objective of the six persons examined in being members of the Labour Party was to achieve the foregoing object (Communist/Soviet System) by converting the Labour Party to that point of view.⁴³²

NZLP Conferences were also platforms for pledging support to the new Soviet state and its beliefs. Some Party affiliates and branches had proposed a range of remits in favour of some aspect of Soviet socialism. Some, like the remit which called for opposition to the Allied military incursion on the side of the whites and congratulated the newly established Soviet state regarding its “magnificent and successful effort” to withstand the “combined effort of imperialistic capitalism” were accepted by the Party.⁴³³ Others, such as a motion by the Hastings branch NZLP at the 1921 Annual Conference, asking that the NZLP affiliate to the Third International, were not so successful. This particular motion was referred to the 1922 Conference. In the interim, the Conference was informed that;

[The] National Executive [would be] instructed to watch further developments in connection with the International movement, obtain all available information of the various International Bureaux, and report to the annual conference of 1922.⁴³⁴

There is no record of the issue having been discussed at the 1922 Conference. However, at the 1923 Conference, it was announced as part of the President’s report that there were conferences between the different ‘Labour parties’ to create unity between them.⁴³⁵ It was also reported that the Western social democratic and labour parties established a ‘Labour and Socialist International’ (LSI).⁴³⁶ Such a body was designed to foster political relationships

⁴²⁹ B Shaw, “Bernard Shaw on His Russian Visit,” *New Zealand Worker*, September 30, 1931. pg.5.

⁴³⁰ *Ibid.* pg.5.

⁴³¹ New Zealand Labour Party Executive, “New Zealand Labour Party Executive Minutes” (New Zealand Labour Party, December 22, 1924).

⁴³² *Ibid.*

⁴³³ “New Zealand Labour Party Fourth Annual Conference,” *Maoriland Worker*, September 8, 1920. pg.7.

⁴³⁴ “New Zealand Labor Party Fifth Labor Party Conference,” *Maoriland Worker*, September 7, 1921. pg. 7.

⁴³⁵ “New Zealand Labour Party Seventh Annual Conference,” *Maoriland Worker*, April 11, 1923. pg.8.

⁴³⁶ *Ibid.* pg.8.

between the different Western parties, perhaps as a western socialist response to the Comintern.

It is perhaps of little wonder that members of the Labour Party hierarchy became increasingly hostile to the CPNZ and their sympathizers. Prior to the 1922 Party conference, Savage confided to Nash that whenever he heard NZLP people refer to the "great democracy," as the Soviet Union was known, he wanted to address them with a "17-inch gun".⁴³⁷ Additionally, when he heard of some of the "lunacies" that were being proposed by the more radical and communist inspired elements of the NZLP for the same Conference, he remarked that the Conference agenda committee needed to put "... fire to most of them".⁴³⁸

Labour denounces Bolshevism

However, the NZLP appears to have been aware that neither the CPNZ nor other left groups could pose a serious electoral or philosophical threat to it. Remits that might be perceived as communist or radically inspired and which advocated positions such as the "smashing of the machinery of the state", were soundly defeated at the NZLP's Annual Conference.⁴³⁹ Additionally, CPNZ candidates were readily seen off by NZLP candidates at elections.⁴⁴⁰ CPNZ approaches to the NZLP made directly or indirectly were rebuffed. Some senior NZLP members commented on the duplicity of the CPNZ position which was to assert that the party wanted a closer relationship with the NZLP, while at the same time undertaking actions designed to destabilise Labour.⁴⁴¹ This was a point which Thorn took up in response to a published accusation from a CPNZ speaker about NZLP hostility towards the need to have a 'united front' of labour.⁴⁴²

Our only comment on this is that Mr. Thomson's efforts on the West Coast for a united front hardly appear to have pleased his comrades. Probably they think that to revile a man as a fraud and faker and then to express yearnings to act in unity with him is a bit over the odds. We entirely agree with them if they do. (Ed.MW).⁴⁴³

It was Savage's Auckland Central branch that moved the remit which finally saw the CPNZ listed as a proscribed organisation by the NZLP at the 1926 Conference.⁴⁴⁴ Consequently,

⁴³⁷ M Savage to W Nash, "New Zealand Labour Party Correspondence," February 22, 1922.

⁴³⁸ Ibid.

⁴³⁹ "New Zealand Labor Party Sixth Annual Conference," *Maoriland Worker*, August 2, 1922. pg. 5.

⁴⁴⁰ Powell, "The History of a Working Class Party 1918 - 40." pgs. 67 and 77 – 79. The CPNZ did not run a national slate of candidates in elections. Rather, the CPNZ put up candidates in specific seats in 1931 and 1935. The Party did better in municipal elections where in 1931, it stood in three main centres (Auckland, Wellington and Christchurch) and in 1935 when 18 CPNZ members stood for election. See also: New Zealand Government, "The General Election, 1931. Returns Relevant to," in *Appendix to the Journals of the House of Representatives*, Session II (Wellington, New Zealand: Government Printer, 1932). In 1931, the CPNZ scored its best result in Auckland Central with J H Edwards securing 456 votes or 6.2 percent. However, when he stood again in Auckland Central in 1935, Edwards only gained 196 votes.

⁴⁴¹ "Robert Semple on Communist Policy," *New Zealand Worker*, May 18, 1927. pg.np.

⁴⁴² G S Thomson, "Communists and the Labour Party," *Maoriland Worker*, September 19, 1923. pg. 13.

⁴⁴³ Ibid. pg.13.

⁴⁴⁴ B Gustafson, *From the Cradle to the Grave. A Biography of Michael Joseph Savage* (Auckland, New Zealand: Reed Methuen, 1986). pg.143.

members who held dual party membership or were perceived as being followers of the CPNZ, were expelled.⁴⁴⁵

The NZLP also had an advantage over the CPNZ in terms of working class support. Unlike the CPNZ, the NZLP had the recognised support of the trades union. A significant number of unions politically and financially supported the NZLP and a number of unions were also directly affiliated to the Party.⁴⁴⁶ Consequently, CPNZ approaches to them or the infiltration of unions by the CPNZ tended to be rebuffed.⁴⁴⁷ While the *New Zealand Workers Union* might revel in its syndicalism and programmes of direct action, the other unions, especially those associated with the Trades and Labour Councils, tended to be moderate bodies. They were satisfied with the programme of the Labour Party. They perceived that the best way for any union programme to be achieved was through the election of a Labour Party, which promoted radical, yet practical reforms on behalf of workers.⁴⁴⁸

While the attacks on the NZLP by the CPNZ and the syndicalists continued in the 1930s, the ability of the CPNZ to persuade workers dissipated. The CPNZ was active in unemployed rights groups, which were established during the Depression, which they used to spread their message about the socialist programme of the USSR. This was to no great effect,⁴⁴⁹ however. Likewise, its activity in and around the NZLP similarly declined. Whilst some NZLP members continued to express support for the Soviet Union, only nine people voted at the 1929 Labour Party conference in favour of lifting the proscription on the CPNZ and allowing direct communist affiliation.⁴⁵⁰

The Modification of Socialisation

The inclination of the Party to avoid the ideological entanglements of the Bolsheviks and the CPNZ had a practical effect on the NZLP's platform. Specifically, socialisation suffered as a consequence of the ideological realignment of the NZLP. By the mid-1920s, the Party opted for a practical approach in its programmes and message. Despite the educative method pursued officially by the NZLP, there was increasing disquiet within the Party in relation to what was perceived as its more extremist socialist policies. Anxiety about the appeal of Labour's programme became more obvious in the latter years of the 1920s. Labour suffered two electoral reversals in 1925 and 1928. In the aftermath of those setbacks, there appears to have been an increasing desire to construct a programme that did not propose the application of socialism, but rather establish a more humane capitalistic society. Thorn, who was the NZLP President, publicly called for an end to conventional socialist conventions at the Party's 1930 Annual Conference.⁴⁵¹ Thorn observed that the purpose of the Party was to;

...create a new society in which the workers shall not be subordinated to the power of any selfish monopoly or vested interest. The Labour

⁴⁴⁵ "Communist Repudiated by Labour Party," *New Zealand Worker*, April 27, 1927. pg.4.

⁴⁴⁶ D C Webber, "Trade Unions, the Labour Party and the Death of Working Class Politics in New Zealand" (MA, University of Canterbury, 1976). pg.2.

⁴⁴⁷ "Robert Semple on Communist Policy." pg.np. See also; Powell, "The History of a Working Class Party 1918 - 40." pgs. 23 - 25.

⁴⁴⁸ Ibid. pg.np.

⁴⁴⁹ "So-Called Communists Trying to Wreck Labour Movement," *New Zealand Worker*, April 27, 1932. pg.8.

⁴⁵⁰ "Only Nine Friends. Ban on Communists," *The Auckland Star*, April 11, 1928.

⁴⁵¹ J Thorn, "New Principles in Prevailing Economic System. Labour and Social Order," *New Zealand Worker*, April 30, 1930. pg.5

Party's conception of industry is not that of a class possession operated primarily for individual enrichment but that of a social organisation which gives to the people security of useful employment, just remuneration and encouragement to serve the public interest.⁴⁵²

In case there were any Labour Party socialists who were confused by what Thorn meant, he later clarified the Party's new political commitment. Thorn opined that people should not see capitalism as being in a state of collapse but as currently inadequate to fulfil their needs without radical reform.⁴⁵³ Or, as James McCombs had succinctly remarked several years earlier, prosperity could be achieved through a programme of "enlightened capitalism".⁴⁵⁴ What both men articulated was that the new objective of the NZLP should not be socialisation, but economic and social regulation.

One of the first significant fatalities of the "enlightened capitalist" approach was the Party's policy on land. Concern about the effects of the land policy on the Party had never really abated. Given that the policy apparently provided for the state having the first option of purchase on land, there was considerable truth in assertions made by Labour's opponents that the land policy would lead to eventual state ownership of all private land.⁴⁵⁵ The Hutt LRC wrote to Nash suggesting that the Party simply be upfront about the matter and re-title the policy, 'The Nationalisation of Land.' In its letter the Committee noted that, "[t]his is undoubtedly our objective and all the clauses are in conformity with this. I do not see why it should not be put in".⁴⁵⁶

Consequently, there appeared to be two options for the party. It could retain the existing policy and convince people, through education, that it was the correct approach. Alternatively, the NZLP could formulate a new policy which would accept private ownership of land and not alienate potential electors.

The latter proposal was the favoured option of the majority of the Party's parliamentarians who raised the issue in caucus.⁴⁵⁷ After a lengthy discussion, it was moved by Savage and seconded by Fraser that a subcommittee consisting of Savage, Lee, Fraser, McCombs and Langstone be established to 'furnish a report dealing with the land question.'⁴⁵⁸ There was little doubt that the subcommittee was going to recommend significant changes to the policy and it did. Accordingly, the changes recommended by the subcommittee were accepted by the caucus and then by the Party.⁴⁵⁹ The new policy was simpler to understand. Further, it

⁴⁵² Ibid. pg.5.

⁴⁵³ Ibid. pg.5.

⁴⁵⁴ *New Zealand Parliamentary Debates*, vol. 213. pg. 861.

⁴⁵⁵ *New Zealand Parliamentary Debates*, vol. 206. pg. 255. Vivian H Potter, the Reform MP for Roskill, was an ardent opponent of the NZLP, describing them as agents of the Third International. Potter particularly assailed the Labour Party about its land policy in which he chided Labour MPs regarding its usehold policy and the nationalisation aspects of the programme.

⁴⁵⁶ E Spur to W Nash, "Hutt LRC Letter about Land Policy," NZLP Correspondence, (January 29, 1923).

⁴⁵⁷ New Zealand Labour Party Caucus, "New Zealand Labour Party Caucus Minutes" (New Zealand Labour Party Parliamentary Caucus, June 27, 1925).

⁴⁵⁸ Ibid.

⁴⁵⁹ W Nash, "The Annual Conference. The Party's Land Policy Amendments and Discussion," *New Zealand Worker*, June 1, 1927. pg.8.

accepted the concept of private ownership of land.⁴⁶⁰ This was in line with the Party's more moderate appeal to small farmers and homeowners.

Equally, the retreat from socialisation by the NZLP continued in the economic sphere. When the western world was overtaken by Depression in the early 1930s, the Comintern and its CPNZ representatives emphasised the positive economic and social development of the Soviet Union as a consequence of the 5 year plans and its abandonment of capitalist economics.⁴⁶¹ In contrast, Labour had started to develop a series of programmes to deal with economic and social distress, which sought to modify aspects of capitalism. Whereas, the CPNZ emphasised the creation of a "worker's state" through public or state ownership of services and industry, Labour's emphasis, particularly in the mid to late 1920s, was less on nationalisation and more on the regulation of capitalism and the extension of social provision.

These changes of philosophical direction saw the alienation of the NZLP's socialist parliamentarians, like Holland. O'Farrell observes that in the latter 1920s and early 1930s, Holland had become increasingly isolated from the Labour caucus and his views were seen as anachronistic by his fellow parliamentarians and by the electorate.⁴⁶² In comparison, parliamentarians such as Savage, who were now seen as more amenable by their colleagues and, importantly, by the wider voting public, came to prominence.⁴⁶³ Whereas Holland was described as stern and unbending, Savage was regarded as a congenial NZLP moderate, whose arbitration and intervention had helped resolve a number of disputes within the Party.⁴⁶⁴

Yet, despite the unease that some members of the Party might increasingly express about the socialisation objective, there was no attempt to remove it from the party's platform. When the NZLP was elected to Government in 1935 the objective of the "socialisation of the means of production, distribution and exchange" remained.⁴⁶⁵ However, the party ensured that the application of the objective was altered through the policies contained in the programme where it was not mentioned.

Conclusion: Alternative Socialist Reality

In Lewis Carroll's novel, *Through the Looking Glass*, Alice steps through the mirror into an alternative reality where a number of things appear the same but are opposite. Certainly, that is how Labour's opponents depicted the relationship between the Bolshevik CPNZ and the democratic socialist NZLP. They suggested that while the NZLP might appear moderate, the hidden reality was that it was violently revolutionary and undemocratic.

Such ideological and programmatic comparisons with the Bolsheviks and the CPNZ were completely overstated. The New Zealand Labour Party was not a revolutionary party in the

⁴⁶⁰ Ibid. pg.8.

⁴⁶¹ A Galbraith, *The Making of a New Zealand Revolutionary: Reminiscences of Alex Galbraith*, ed. R Nunes (Auckland, New Zealand: Workers Party of New Zealand, 1994). pg.85. Galbraith had been a member of the NZLP in 1919. He joined the CPNZ at its formation in 1921. In 1930 he went to the USSR as a communist delegate to the RILU (*Red International of Labor Unions*) conference. When he returned later that year, he was to embark on a tour on behalf of the CPNZ. The focus of the tour was to inform audiences about socialist development and its rapid progress in the Soviet Union - A country, which Galbraith wrote, had no unemployment due to socialism and the rule of the CPSU. However, the tour was abandoned.

⁴⁶² O'Farrell, *Harry Holland. Militant Socialist*. pg. 194.

⁴⁶³ Ibid. pg.211.

⁴⁶⁴ Gustafson, *From the Cradle to the Grave. A Biography of Michael Joseph Savage*. pg. 153.

⁴⁶⁵ "Electoral Reform," *Evening Post*, February 13, 1934. pg.8.

sense that it advocated the violent overthrow of the State. At no time was such an objective part of the Party's programme. It was, like a number of its social democratic counterparts, a constitutional party which endorsed the electoral road to socialism. As we will see in later chapters, this did not mean that the NZLP forswore a 'revolution.' Instead it postulated that revolutions took many forms. The bolsheviks, the syndicalists and the radical Left talked about the workers revolution, brought about by a force of arms. But, the leadership of the NZLP spoke about the need for a "revolution" of ideas and practices.

The NZLP's 'revolution' would be achieved through Parliament. Subsequently, the NZLP required increased parliamentary representation. Such increased representation could not occur if the Party did not appeal to moderate electors. The outcome was that the Party spent considerable time and effort ideologically and programmatically re-orientating itself in the 1920s. Gone were Holland's references to the NZLP being the standard bearer of the socialist objective of the labour movement.⁴⁶⁶ In their place were more studied liberal objectives emphasising classlessness and practical planning.

⁴⁶⁶ *New Zealand Parliamentary Debates*, vol. 183. pg.92

Chapter Seven: The Constitutional Road to Socialism: Electoral Reform and the NZLP

Introduction:

Having rejected the revolutionary socialist ethos of the Bolsheviks, the Labour Party needed to develop how its socialist programme could be achieved through the ballot box. Historically, socialists and liberals of the British tradition had called for reform of working conditions and standards of living through the parliamentary process. Aside from the industrial turmoil of the period 1910 – 1913, the majority of New Zealand's socialists had been advocates of the parliamentary process to achieve their goals. The constitutional platform of the Party was an important component of its socialisation objective. Socialism, the NZLP inferred, not only required the socialisation of the economic and social spheres, but also the socialisation of the constitutional and electoral sphere. It was not simply enough that people voted every three years for a new Parliament; electoral participation needed to be both on-going and inclusive. Only if the people could freely participate regardless of their obligations of class and gender at a municipal and parliamentary level could New Zealand experience genuine democracy.

While the Party's economic programmes have been lauded, the NZLP's parliamentary socialist programme required the socialisation of the constitutional and electoral sphere. This chapter will examine how Labour used electoral and constitutional reform to pursue its vision of the parliamentary road to socialism. The Party believed that electoral participation needed to be inclusive, participatory and representative. This chapter also will examine the four most notable of the Party's constitutional planks by which it would achieve these ideals - the *Recall*, the *Initiative*, the *Referenda* and *Proportional Representation* (PR). It will examine what success it had in achieving these policies, whether the reforms were as socialist as the Party suggested, and what effect the success or failure of these policies had on the NZLP's overall socialist programme and objective.

Electoral Reform and Popular Democracy

One of the principal demands of the early socialists was the right of participation. Demands for electoral and Parliamentary reform had a significant history within the progressive and socialist movement. The election of annual parliaments, universal suffrage and popular representation had been advocated by the English Chartists in the 1840s.⁴⁶⁷ Although the Chartists were unsuccessful in achieving the immediate demands of the People's Charter, their platform continued to thrive in later socialist and labour organisations who continued to endorse and promote their demands.⁴⁶⁸

By the early twentieth century, a number of these demands had been met. Also, Socialism had undergone a transformation from a largely middle-class ideology which emphasized social justice to a more revolutionary belief which encapsulated working class ideals and principles. The socialist demand for participation changed from simply campaigning for an extension of the electoral franchise to issues of participation and control. It was not enough

⁴⁶⁷ "Chartism and Ernest Jones," *The New Zealand Worker*, November 26, 1924. pg. 3.

⁴⁶⁸ H E Holland, "The Evolution of Parliament. Lecture by H.E. Holland. M.P.," *The New Zealand Worker*, 1924. pg.8.

that workers gained votes and representation in Parliament, which remained paramount; also needed were changes to the control that they could exercise within society.

As opposed to the United Kingdom, where parliamentary democracy and the electoral franchise still faced an arduous struggle for the first two decades of the new century, New Zealand male and female workers could vote and Labour was represented in Parliament through independent representatives. Despite the supposed democratic nature of New Zealand's Parliamentary and electoral system, the NZLP asserted that it was, in reality, class based and elitist. The elite, the NZLP charged, was sustained by an unresponsive and undemocratic electoral system which allowed its members to be elected to Parliament, where upon they would implement policies which reflected their own narrow class-based capitalist programme.⁴⁶⁹ Whether the MPs were Tory or Liberal was of no significance as they represented the same class. Holland put forward this opinion more bluntly in his maiden speech in the House in 1918;

What is wrong with the men on Government benches to-day is not that they are worse than other men – they are bad enough, the Lord knows – but that they represent powerful class interests, which class interests are always in conflict with the interests of the community, with the interests of the men and women who render social justice.⁴⁷⁰

Labour stated that the actual differences between the two parties were trivial. Despite the contrary allegations of MPs, business leaders and the press, Parliament and the electoral system which supported it were undemocratic.⁴⁷¹ In a parliamentary debate on the nature of Parliament and government in New Zealand, Holland went so far as to exclaim that;

It is utmost nonsense to refer to our system of government in New Zealand as a democratic system. So long as we have a handful of non-representatives holding the power of veto over all the acts of the people's representatives, you cannot have a democratic government. And, when the day comes that the people themselves hold the veto – when no one else, either inside or outside New Zealand, can veto the popular will – on that day you will have democratic rule.⁴⁷²

Labour's Platform of Electoral Democratisation

Labour's solution was the transformation of the system through the implementation of substantial constitutional and electoral reform. Such reform would increase electoral participation and nullify the class basis of parliamentary representation. As to how this could be achieved, the NZLP advocated a number of proposals in its Constitutional and Electoral Platform. The Party called for women's representation in Parliament and on the Legislative Council, the extension of political rights for civil servants, the compulsory registration of voters and, the abolition of the Legislative Council.⁴⁷³ The principal demands of the party's

⁴⁶⁹ Ibid. pg. 8.

⁴⁷⁰ *New Zealand Parliamentary Debates*, vol. 183. pg. 92.

⁴⁷¹ *New Zealand Parliamentary Debates*, vol. 184. pg. 320

⁴⁷² Ibid. pg. 322.

⁴⁷³ "General Election. The Labour Party's Programme." pg.7. By 1922, the programme had been expanded to include the abolition of the Legislative Council and compulsory voting registration. See also; "The Labour Party Stands For," *The Maoriland Worker*, November 22, 1922. pg. 10

constitutional platform were the policies of Electoral Recall, the Initiative, the Referenda and the application of Proportional Representation.⁴⁷⁴

Electoral Recall would ensure that MPs remained obligated to pursue their platform after they were elected. An MP could be recalled by their electorate if they were perceived as breaching their manifesto or promises. A recall election was to be instigated by a percentage of eligible voters in a given electorate. If an MP was successfully recalled, then a new election would be held.⁴⁷⁵ The *Initiative* would allow voters to initiate, amend or even remove Acts of Parliament,⁴⁷⁶ while *Referenda* ensured that popular opinion could be sampled on various issues.⁴⁷⁷

The other critical component of the NZLP's reform of the electoral system was the implementation of Proportional Representation. The NZLP criticised the Plural (First Past the Post) Electoral System and, its various components like the Country Quota - which provided overrepresentation to rural electorates - as being unrepresentative and undemocratic.⁴⁷⁸ In arguments which were to be repeated in the early 1990s, the supporters of Proportional Representation argued that the current system of plural voting discriminated against a growing minority of voters and was unfairly weighted in favour of the older, larger, parties.⁴⁷⁹

The NZLP was keenly aware that the increasing use of a Proportional Representation voting system among European nations had led to significant numbers of Social Democrats being elected.⁴⁸⁰ The unfairness of the outcome and the unrepresentative nature of the New Zealand system were particularly evident when New Zealand election results were compared to the results of countries in Europe or various Australian states, which had systems of Proportional Representation.⁴⁸¹

In terms of transforming the basis of parliamentary sovereignty and control, the most radical components of the NZLP's electoral reform platform were the Recall, Initiative and Referendum proposals. While the importance of Proportional Representation is not to be understated, it merely sought to change the means by which Parliamentary representatives were elected. The Recall, Initiative and the Referendum, by contrast, were actively acknowledged by the Party and its opponents as policies which were designed to substantially increase the sovereign power of the electors.⁴⁸²

Leading NZLP members, Party candidates and MPs attended NZLP and public meetings to discuss or enlighten Party members and voters on the benefits of the three proposals of direct legislation.⁴⁸³ The use and success of the platforms in ensuring even minute popular participation or reform were reported on by Labour members and by those papers supportive of the Party. The *Maoriland Worker*, for example, reported that the threat of Recall had been

⁴⁷⁴ "Labour Stands For."

⁴⁷⁵ Ibid. pg.10

⁴⁷⁶ Ibid. pg. 10

⁴⁷⁷ Ibid. pg.10.

⁴⁷⁸ "Fourth Annual Conference. First Day.," *Maoriland Worker*, July 21, 1920. pg.7

⁴⁷⁹ "Proportional Representation," *Maoriland Worker*, December 15, 1920. pg.8.

⁴⁸⁰ H E Holland, "Back of the War," *Maoriland Worker*, April 19, 1916. pg. 2.

⁴⁸¹ "Proportional Representation" December 15, 1920. pg. 8.

⁴⁸² *New Zealand Parliamentary Debates*, vol. 184. pg.320

⁴⁸³ "Ngaruawahia Labor Party," *Maoriland Worker*, January 31, 1917. pg. 3.

successfully used on a School Board in the United States to pursue issues of school maintenance.⁴⁸⁴ In 1917, the demand for democratic reform had some Labour supporters urging the Party to go further than electoral politics and adopt the Recall for senior public figures such as Judges and other senior civil servants.⁴⁸⁵

The Recall, Initiative and Referenda – Self Government by the People

In 1918 and, again, in 1919 McCombs introduced the “Popular Initiative and Referenda Bill” to Parliament on behalf of the NZLP. It was essentially an amalgamation of both the Initiative and Referendum planks of Labour’s platform.⁴⁸⁶ The Bill’s name aptly described its intentions as its purpose was to allow voters to propose referendum ballots and additionally initiate, amend or repeal Acts of Parliament.⁴⁸⁷ Introducing the 1919 version of the Bill, McCombs asserted the popular self-government purpose motive strongly, informing the House that;

The object of the Bill is to secure for the people of New Zealand a larger measure of self-government than they at present possess. It is supposed that we are a free self-governing people, but an examination of the New Zealand Constitution, especially an examination of parliamentary practice, will show that we are a long way off being a self-governing people.⁴⁸⁸

The argument was repeated by Holland who observed during the same parliamentary debate that;

If there should be any power of veto – and there should be – over the Acts of this Parliament, this power should be exercised not by any non-representative body but by the people themselves.... if you deny the people the right to exercise the power of veto, you have got to assume that the people are hopelessly and irretrievably ignorant – that they cannot possibly be educated up to the position where they will be able to comprehend their own policies and to exercise a control of the affairs of the country. They can and they will....⁴⁸⁹

It might be supposed that such proposed legalisation, which usurped conventional parliamentary sovereignty, would be opposed by its political opponents. However, the Bill was mostly accepted by the House with little adverse comment from either the Tory or Liberal Parties. Downie Stewart, the Reform Party Minister of Finance, noted that arguments presented by the Bill were recognised as being valid “all over the world.”⁴⁹⁰ While the more radical and philosophical Liberals cordially welcomed the proposals. The Liberal MP and former Cabinet Minister, Sir James Findlay, was warmly supportive of the proposed legislation.

Sir, if we are sincere in our belief that the people should rule, the logical thing is to accept the initiative and referendum. Either we

⁴⁸⁴ “Use of Recall,” *Maoriland Worker*, April 9, 1919. pg. 7.

⁴⁸⁵ JOD, “Elected Judges,” *Maoriland Worker*, October 31, 1917. pg. 6.

⁴⁸⁶ New Zealand Government, “Popular Initiative and Referendum,” in *Bills Thrown Out. Sessions I and II, 1918* (Wellington, New Zealand: Government Printer, 1918).

⁴⁸⁷ *Ibid.* pgs. 15 – 17.

⁴⁸⁸ *New Zealand Parliamentary Debates*, vol. 184. pg. 320.

⁴⁸⁹ *Ibid.* pg. 322.

⁴⁹⁰ New Zealand Government, *NZPD v184*. pg. 322.

mean what we say or we do not. If we mean that the people should be supreme and control their affairs, the means for the people to express their opinion should be adopted by every true democrat Nearly every thoughtful writer upon the matter ... regards the popular initiative and referendum as essential in every truly developed democracy.⁴⁹¹

Downie Stewart and Findlay were not alone in their warm appraisals. The radical and former Liberal MP George Fowlds had expressed similar opinions in the *Maoriland Worker*. In an article titled 'Direct Legislation,' published in the October 24 1917 edition of the *Worker*, Fowlds asserted that the Recall, Initiative and Referendum options provided an addition to Parliamentary procedure by enabling voters to, "...more directly control the acts of their legislators and to secure legislation which Parliament either refuses to enact or has not the time to do so".⁴⁹² After discussing the pros and cons of the topic, Fowlds, like Findlay, concluded approvingly that the implementation of the three platforms would facilitate the realisation of the famous passage of Abraham Lincoln of Government "for the people, by the people".⁴⁹³

Further, as noted by Fowlds, these proposals were already in place in countries such as Switzerland and the United States of America.

Switzerland has had "direct legislation" for over fifty years, and Viscount Bryce, late Ambassador to the United States, declared at Cambridge that, Switzerland is the most successful democracy that the world has ever seen... [i]n the United States a total of 21 States have adopted constitutional amendments which grant these powers...⁴⁹⁴

Fowlds noted the success of the direct legislation of Initiative and Referendum in achieving voter participation in Oregon and California. Voters had deliberated and voted on over 50 questions in Oregon and 48 in California. In the California situation, over 27 questions had been referred to a Referendum by the State legislature while another 21 had been initiated by voters.⁴⁹⁵ Additionally, and of more interest to Labour, were the other effects, of the legislation, according to Fowlds, in ensuring the practices of monopoly capitalism were confronted and contained.⁴⁹⁶

The Preferential Voting Bill: A Modified Response

Despite the democratic declarations by members of the House, however, the Popular Initiative and Referenda Bill never passed. Subsequently, in 1927, 1928 and 1929, the NZLP put forward another Bill, titled the "Preferential Voting Bill." The new Bill did not seek radical reform but instead it sought to introduce preferential voting in relation to existing

⁴⁹¹ Ibid. pg. 235.

⁴⁹² G Fowlds, "Direct Legislation," *Maoriland Worker*, October 24, 1917. pg. 6

⁴⁹³ Ibid. pg. 6.

⁴⁹⁴ Ibid. pg.6.

⁴⁹⁵ Ibid. pg.6

⁴⁹⁶ Fowlds, "MW." pg. 6.

referenda.⁴⁹⁷ As McCombs noted in his speech regarding the second Reading of the Bill to the House in 1927;

The Bill now before the House has nothing to do with the election of members to Parliament. It is to be applied to issues submitted by means of a referendum to the people where there are more than two issues on the ballot paper, and the method of determining a matter is to be by the means of preferential voting.⁴⁹⁸

McCombs noted that the purpose the Bill would provide the 'machinery' wherever and whenever a referendum was taken with more than two issues on the ballot paper.⁴⁹⁹ It was not particularly radical when compared to the Popular Initiative and Referenda Bill. Its radicalism was further curbed when McCombs revealed that the suggested electoral mechanism proposed within the Bill had been adopted from an earlier Bill that had been introduced by Massey in 1923.⁵⁰⁰

Although, the Preferential Voting Bill retreated from the previous position of allowing people to initiate legislation and conduct referendum, it did allow for a means by which people could allocate their votes in a referendum ballot so as to provide a majority in the situation where there were different balloting options available. The most obvious and ready example Labour had of such a ballot was the three yearly liquor licencing referenda which were conducted alongside the voting for General Elections. Labour's MPs argued that people who supported one option might also support another option but, were unable to vote for it.⁵⁰¹ Fraser explained to a sceptical House how the Bill might improve democratic representation in this situation;

Now it is quite clear that the present method, with three issues on the ballot-paper and the necessity to obtain a majority over two of these issues in order to change the state of affairs is quite undemocratic, because those who vote in favour of State control have no method of expressing their opinion whether they are in favour of continuance or of prohibition as a second preference...the two issue ballot paper disenfranchises them.⁵⁰²

Interestingly, the conservative response to the bill was again extremely muted.⁵⁰³ Reform Party MPs offered little debate in the House and confined themselves to voting against it.⁵⁰⁴

⁴⁹⁷ *New Zealand Parliamentary Debates*, vol. 212. pg. 953.

⁴⁹⁸ *Ibid.* pg. 253.

⁴⁹⁹ *Ibid.* pg. 954.

⁵⁰⁰ *Ibid.* pg. 953.

⁵⁰¹ *Ibid.* pg. 956.

⁵⁰² *Ibid.* pg. 956.

⁵⁰³ *Ibid.* pg. 260. The Bill was only debated once during the second reading, where it received lukewarm support from Forbes, who also voted for it. The majority of MPs said nothing.

⁵⁰⁴ *Ibid.* pg. 968. The only dedicated opposition from the Government benches came from the Reform MP, Lysnar, who announced that the Bill was an old hardy annual, "resuscitated under a new name." The Bill was defeated on its second Reading by 20 votes to 40 in 1927.

A similar response occurred in later sessions, with Parliament rejecting modified versions of the Bill again in 1928 and 1929.⁵⁰⁵

Proportional Representation: Improving the Democratic Condition of the People

The area where Labour did have some success was with Proportional Representation. McCombs had managed to impose a system of PR in the Legislative Council in 1914 and although it was never introduced at a national level, it was successfully introduced by Labour representatives at a municipal level for some local body elections.⁵⁰⁶ Proportional Representation was important to Labour for two principal reasons. The first was the democratic aspect of PR. As it was mentioned previously, the establishment of a PR system would ensure that overall parliamentary representation would be substantially increased. Such an increase would increase the political representation of the general population ensuring a democratic system and a more representative and democratic parliament. As McCombs responded to a member of the Christchurch public who queried him about the objectives and need for PR;

Briefly, proportional representation aims to secure the representation of all the electors in the deliberative assembly. The majority secures a majority of the representatives and the majority "rules." The minority has no right to rule but is entitled to a voice on all questions affecting the commonweal. It is entirely in the interests of good government that the majority party should have to listen to the full voice of the people before coming to any decision. While proportional representation does not give all the representation to the majority, it is the only system which ensures that the majority gets the representation it is entitled to, and therefore is the only system which ensures majority rule. With the majority only represented, the best we can hope to get is, as John Stuart Mill says, rule by a "majority of a majority," which often means minority rule⁵⁰⁷

The NZLP argued that the lack of a proportional system not only weakened democratic participation. It additionally weakened the ability of the party as the official representative of political Labour to advocate on behalf of workers.⁵⁰⁸ Labour had very quickly recognised the importance of a Proportional System in securing its own political potency. Starting in 1919, and then continuing at those various conferences following a General Election, Party delegates were informed that the Parliamentary representation of the NZLP would be significantly increased under a system of PR.

The 1919 election proved to be an apt example of the unfairness within the electoral system. Prior to the dissolution of the Parliament for the 1919 General Election, the *Grey River Argus* lists the Liberals as having thirty one MPs in Parliament while the NZLP had eight MPs.⁵⁰⁹ In

⁵⁰⁵ New Zealand Government, "Preferential Voting Bill," in *Bills Thrown Out* (Wellington, New Zealand: Government Printer, 1928). See also; New Zealand Government, "Preferential Voting Bill," in *Bills Thrown Out* (Wellington, New Zealand: Government Printer, 1929).

⁵⁰⁶ J McCombs, "Proportional Representation in Christchurch," *Maoriland Worker*, May 16, 1923. pg.8.

⁵⁰⁷ J McCombs, "Proportional Representation," *The Press*, April 17, 1933. pg. 10

⁵⁰⁸ "Fourth Annual Conference. First Day." pg.7

⁵⁰⁹ "State of the Parties. Reform Majority of 16.," *Grey River Argus*, December 19, 1919. pg. 3. The Argus listed

the election, the aggregate Liberal vote fell by 14%, while the vote for the NZLP improved from 8% in 1914 to 23% in 1919.⁵¹⁰ Yet, despite Labour significantly increasing its overall percentage of the vote, the outcome of the final election results provided the Liberals with twenty MPs to the NZLP's eight.⁵¹¹ Savage, reporting back to the 1920 Labour Party conference on behalf of the NZLP Executive, remarked that;

The General Election of 1919 was the first occasion in which the forces of organised Labour entered the electoral contests as a unified party. The number of Labor candidates duly selected and endorsed, who went, to the poll, was 46. Although only eight of these were returned, the margin of vote by which many of the others were defeated was very small, and on the whole the results were satisfactory. The votes actually cast for Labor throughout the Dominion amounted in round figures to 53,000. In 1919, they totalled 123,000, an increase of nearly 150 percent. If proportional representation had been in operation, Labor would have had nineteen members returned to the House of Representatives instead of eight. The Liberals would have had twenty four instead of nineteen, the Reform Party would have had twenty seven instead of forty four and the number of Independents would be as at present.⁵¹²

The Secretary of the British Proportional Representation Society, John Humphreys, also commented on the iniquitousness of the New Zealand electoral system in the *Maoriland Worker*. Humphrey's particularly noted the differences in voting outcomes in New Zealand and New South Wales remarking that the "... general fairness with which Proportional Representation worked in New South Wales may be judged from the following table showing the result for the three greatest parties".

NEW SOUTH WALES—Election, 1920			
Party	Votes Polled	Seats Won	Votes per Seats
Official Labor	241,345	42	5,748
Nationalist	154,176	28	5,863
Progressive	82,185	15	5,479

Electors in New Zealand, Humphrey said, "...may like to compare those results with those of their own last General Election, which were approximately as follows;"

NEW ZEALAND—Election, 1919		
Votes	Seats	Votes per

the Liberals as having 30 MPs and Labour having 8 prior to the dissolution of parliament in 1919. However, the situation particularly for the Liberals was very fluid. As Basset observed a number of Liberal MPs were unhappy at leaving the coalition Government. See also; M Bassett, *Three Party Politics in New Zealand; 1911 - 1931* (Auckland, New Zealand: Historical Publications, 1982). pg.24. Bassett claims that Labour had five MPs at the dissolution of Parliament. Payne, Veitch and Smith sat as Independent Labour. It is possible that the Argus counted them amongst the official Labour caucus.

⁵¹⁰ Bassett, *Three Party Politics in New Zealand; 1911-1931*. pg.66.

⁵¹¹ Ibid.pgs. 24 – 25

⁵¹² "Fourth Annual Conference. First Day." pg.7.

Party	Polled	Won	Seat
Reform	194,833	44	4,428
Liberal	164,096	19	8636
Official Labor	125,970	8	15,740 ⁵¹³

Summarising the different results, Humphreys observed that the figures were “very striking”. Humphrey’s concluded that the voting figures demonstrated that in New Zealand, “... each supporter of the Reform Party has as much weight in Parliament as two Liberals or four members of the Labor Party”.⁵¹⁴

A similar electoral outcome occurred for Labour in the aftermath of the 1922 General Election and, then again for the Party in 1925. It is arguable that the result of the 1925 election was worse for the Party as Labour lost MPs despite its percentage of the vote increasing.⁵¹⁵ The only bright spot for parliamentary Labour was that it finally surpassed the Liberals in terms of parliamentary representation in 1926 and became the official Opposition.

The Unthinkable Alliance: The Aborted 1922 Electoral Pact

The introduction of PR was an issue where Labour did receive support from Liberal MPs and the Liberal Party. The Lib-Lab MP, Veitch was also a supporter of PR and, like McCombs, had moved various bills supporting its introduction since his election in 1911. While Veitch’s bills enjoyed both NZLP and Liberal support, similar to the NZLP’s bills, they either lapsed or were defeated. Yet, there was a brief moment in 1922 in which the implementation of PR appeared to be a viable possibility. Prior to that year’s General Election there were attempts to broker an electoral agreement between the Labour and Liberal Parties which would have resulted in the introduction of PR for national elections.⁵¹⁶ However, the deal was to flounder on the rocks of political discord and suspicion.

Apparently, members of the Proportional Representation League (PRL) had contacted Holland with a proposal. This proposal involved endorsing and electing those candidates who supported the introduction of proportional representation to Parliament.⁵¹⁷ In a statement to the House of Representatives on the issue, Holland said that the League’s representatives had suggested that such an arrangement;

...should provide that at the next election the Party whose candidates either won out or ran second to Reform last election, should be left to make the fight in the constituencies affected, without official opposition from the other Party, and in the event of the defeat of the present Government, the Party with the greater number of elected members to assume office, put through proportional representation, supply, etc., with the support of the Party on the cross-benches, and

⁵¹³ “Proportional Representation,” *Maoriland Worker*, December 15, 1920. pg.8

⁵¹⁴ Ibid. pg.8

⁵¹⁵ Bassett, *Three Party Politics in New Zealand; 1911 - 1931*. pg.66.

⁵¹⁶ *New Zealand Parliamentary Debates*, vol. 195. pg. 422.

⁵¹⁷ Ibid. pg. 458.

immediately after call a fresh election for the purpose of securing a majority Government.⁵¹⁸

The NZLP's General Secretary, Moses Ayrton, and the editor of the *Maoriland Worker*, James Thorn, were also contacted by people with a similar proposal. However, the people who contacted them did not claim to be representatives of the League.⁵¹⁹ Rather, they claimed to represent the Liberal Party and its leader, Thomas Wilford. Both Ayrton and Thorn were informed that the Liberals were willing to enter into an electoral agreement with the Labour Party on the basis of the proposals suggested by the League.⁵²⁰

That the NZLP seriously considered the proposal is evident, as remits proposing an electoral alliance between the Labour and Liberal Parties for the upcoming General Election were set down to be discussed at the NZLP Annual Conference.⁵²¹ However, prior to the Conference, the Party's National Executive discussed the proposal and decided against it. After some discussion, the Conference did too.⁵²²

It appears that what changed Labour's mind over the issue was Wilford deciding that the Liberals would not resign and call new elections after a Liberal-led Government had implemented proportional representation. Rather, it would carry on for the remainder of the parliamentary term, with him as Prime Minister. To the Labour Party, this suggested Liberal duplicity, particularly when Liberal MP's were, at the same moment, publicly stating that the Party would not become Government if it had to rely on the support of the NZLP.⁵²³ As the Party's retiring President, Frederick Cooke, caustically observed as part of his Address to the Conference, such deceit was typical of Labour's relationship with the Liberal Party.

There is a slight attempt by some of our members to bring about an understanding or an alliance with the Liberal Party for the purpose of getting a Proportional Representation Bill through the House of Parliament, and then have another election. But an understanding or an alliance with the Liberal Party is unthinkable. There was such an understanding in 1914, when Labor votes went to Liberal candidates with an understanding that several reforms, Proportional Representation being one of them, should be placed on the statute book. The 1914 election resulted in a Reform Party being returned with a majority of one vote, but had the Liberal Party been in earnest, and had they been true to their promise to Labour, several measures could have been put on the statute book. Proportional Representation would have been law now, but for the betrayal of Labor by the Liberals, who coquetted with the Reform Party and then became part

⁵¹⁸ "Wilford's Secret Diplomacy," *Maoriland Worker*, July 26, 1922. pg.

⁵¹⁹ Ibid. pg.

⁵²⁰ Ibid. pg.

⁵²¹ "Lib-Labism Rejected," *Maoriland Worker*, July 12, 1922. pg. See also: New Zealand Parliamentary Debates, vol. 195. pg. 458.

⁵²² Ibid. pg.

⁵²³ *New Zealand Parliamentary Debates*, vol. 195. pg. 459

of them, the bargain being the spoils of office, not the progress that Labor is trying to win.⁵²⁴

The aborted 1922 Electoral Alliance was the last attempt to forge a political or electoral relationship between either party. It was also the last time that a serious attempt was made to implement a PR system in New Zealand until the late 1980s.

A Problematic Solution: Christchurch Adopts PR

There had been some success in introducing Proportional Representation at a municipal level, particularly in Christchurch. However, the introduction and overall effect of PR in that city proved to be problematic for the Labour Party. Firstly, there was no political consensus around PR and, its continued existence proved to be dependent upon which Party controlled the Council chamber. McCombs had managed to get the Christchurch City Council to adopt PR in 1916, with the result that the Labour increased its numbers on the Council.⁵²⁵ A conservative win in municipal elections in 1923 saw the Council abolish PR and return to plural voting the same year.⁵²⁶ However, a Labour majority on the Council in 1927 overturned that decision and reintroduced the system. In 1929, a PR election returned a left majority on Council, comprising of a coalition of Labour and Independent Labour Councillors.⁵²⁷

Secondly, the outcome for Labour under PR was questionable. The results of the 1929 municipal elections were not decisive for either the NZLP or the left.⁵²⁸ As the Party was forced to admit in the aftermath of the elections, PR had cost Labour council seats.⁵²⁹

That Labour would lose some seats under proportional representation was anticipated. At the time of writing, the final result had not been published, but the latest news is that Labour has a chance of winning eight of the sixteen council seats, which with the Mayor will give it a majority.⁵³⁰

The Party attempted to put a positive perspective on the results. The *New Zealand Worker* informed its readers that despite the record poll in Christchurch, some twenty thousand people had not voted.⁵³¹ Christchurch's Labour Mayor, J K Archer, told the *Worker* that Labour had survived despite the most "fierce" assault upon it and him personally.⁵³² Further, this attack had generated a wave of sympathy for the Party which had "staggered and dumbfounded" its opponents.⁵³³ However, the opponents of PR within the Party were not concerned with those issues. Their principal concern was that PR had cost Labour an absolute majority at a Council level. If these results were replicated at a national level, it would stymie

⁵²⁴ "Sixth Labour Party Conference," *Maoriland Worker*, July 12, 1922.

⁵²⁵ "Proportional Representation. Adopted Unanimously by the Christchurch City Council," *Maoriland Worker*, February 9, 1916. pg. 7. See also; J McCombs, "Proportional Representation in Christchurch," *Maoriland Worker*, May 16, 1923. pg.6.

⁵²⁶ "Proportional Representation," *The Press*, May 23, 1923. pg.8.

⁵²⁷ "Municipal Elections," *New Zealand Worker*, May 4, 1927. pg.9.

⁵²⁸ "The Municipal Elections. The Results Affecting Labour," *New Zealand Worker*, April 1929. pg.5.

⁵²⁹ *Ibid.* pg. 5.

⁵³⁰ "The Municipal Elections. The Results Affecting Labour." pg.5.

⁵³¹ *Ibid.* pg. 5.

⁵³² J K Archer, "The Christchurch Mayoral Campaign," *New Zealand Worker*, May 8, 1929. pg.np.

⁵³³ *Ibid.* pg.np.

a majority Labour Government. This was a moot point and was to be used in future debates regarding PR within the Party.

Hesitancy and Opposition to Reform

Despite the apparent warmth of some of the Liberals, Labour's constitutional bills lacked substantive parliamentary support. The Reform Government was opposed to electoral reform and, even during the 1922 to 1925 parliamentary term, when the Government retained a narrow majority in Parliament, it could rely on the support of Independent MPs to oppose contentious or hostile legalisation. As far as Labour was concerned, such opposition was to be expected due to the Reform Party and its business allies directly benefiting economically and politically from the system which was in place.⁵³⁴

Liberal support was more tenuous and tepid. While the Liberals did indicate some political support, especially on the part of more philosophical MPs regarding Labour's constitutional measures, this encouragement did not generally manifest itself in terms of actual voting support in the House. This was a point on which Labour MPs and the Party publicly commented. In an article listing the parliamentary transgressions of the Liberals, Holland observed in relation to their support on PR (and most other issues) that Liberal Party MPs were consistently split.⁵³⁵ It was particularly noted that Labour amendments supporting PR had been defeated by such actions, whereas they could have been passed if the Liberals had voted uniformly.⁵³⁶

Other criticism of Labour's platform came not from the Liberals or the Reform Party but, from the independent Labour MP, John Payne. During the 1919 debate over the Popular Initiative and Referendum Bill, Payne opined that the NZLP would be better off constructing practical programmes for working class voters rather than engaging in "political dreams".⁵³⁷ Payne was opposed to Proportional Representation.⁵³⁸ Payne criticised both Veitch and Labour, claiming that PR not only allowed for unrepresentative Government by a minority of voters but, that it would programmatically prohibit a future Labour government from achieving labour goals.⁵³⁹ Payne stated that Labour should use the current Plural system regardless of how unjust and unrepresentative it might be.

I say to the Labour Party from my place in this House, drop your ideals for fairness and justice in elections and strive for practical ends, and thus be able to carry out the Labour platform, the real bread and butter platform for workers.⁵⁴⁰

Payne also expressed concern that such legislation could be used against Labour by the Tories and the Liberals for their own ends.⁵⁴¹ Although Holland and the PLP discounted such a concern by claiming that voters would see through conservative manipulation of the electoral and referendum process, it was consistent with evidence that perhaps voters were not as

⁵³⁴ *New Zealand Parliamentary Debates*, vol. 188. pg. 377.

⁵³⁵ H E Holland, "The Liberals in Parliament. How They Voted," *Maoriland Worker*, January 30, 1924. pg.npn.

⁵³⁶ *New Zealand Parliamentary Debates*, vol. 202. pg. 253.

⁵³⁷ *New Zealand Parliamentary Debates*, vol. 184. pg. 322.

⁵³⁸ *Ibid.* pg. 408

⁵³⁹ *New Zealand Government, NZPD v184.* pg. 408

⁵⁴⁰ *Ibid.* pg. 408

⁵⁴¹ *Ibid.* pg. 321

enlightened as the NZLP appeared to think that they were. The conservative nature of the electorate, particularly in relation to referenda, was additionally commented on by both Findlay and Downie-Stewart in their speeches and formed part of their responses to Payne.⁵⁴² As Findlay observed regarding the outcome of referenda;

In Mr Hobson's book *The crisis of Liberalism*, he outlines the popular initiative and referendum. He shows first how erroneous it is to be afraid of the referendum and the popular initiative because they might lead to a too rapid and dangerous progress. The results of the referendum in Switerland showed that the system was distinctly conservative; so that it is not true to say that the referendum and initiative lie in revolutionary or ultra-progressive directions.⁵⁴³

Additional evidence of the conservative nature of the electorate or how it could be prone to political persuasion was provided with the outcome of a referendum in Queensland. It was the policy of the Queensland Labor Party to abolish the Upper House and when it was elected to state government in 1915, it decided to do just that.⁵⁴⁴ In the resulting referendum campaign the press, business interests and the Party's political opponents came out against the policy. Their intervention in the referendum proved to be effective as they mobilised public opinion to reject Labor's proposal.⁵⁴⁵ Nonetheless, the Government proceeded with its plan and abolished the chamber. The Party justified its decision to do so on the basis that it had been elected to office with the abolition policy as a central part of its platform.⁵⁴⁶

The Left Response and the Fallacy of a Socialist Electoral Revolution

There was also criticism of Labour's constitutional and electoral platform from the political left. Although, Labour was adamant that its electoral programme was in keeping with a socialist platform, this claim was contested by left revolutionists. The communists and the syndicalists denounced Labour's commitment to parliamentarism as merely maintaining the capitalist status quo. In one editorial titled, "Industrial Democracy," the syndicalist editor of the *Maoriland Worker*, Kraig, described Western democracy and its various systems as perpetuating the 'existing economic system by removing some of its worse features.'⁵⁴⁷ Referring to the system of democratic representation, Kraig observed that under the capitalist system, it was;

...also the intention of their authors (capital) to prolong the existence of the present forms of Government, which have become incapable of meeting the demands of the present age. Parliaments as they flourish today have their roots in form that existed in feudal days, on which have been grafted those of capitalist 'democracy,' which gives the power of the selection of members to the people, but leaves the

⁵⁴² Ibid. pg. 322.

⁵⁴³ Ibid. pg. 323.

⁵⁴⁴ "Under Labour Rule in Queensland. Upper House Abolishes Itself," *Maoriland Worker*, February 28, 1923. pg. 8.

⁵⁴⁵ Ibid. pg. 8.

⁵⁴⁶ Ibid. pg. 8.

⁵⁴⁷ William Kraig, "Industrial Democracy," *Maoriland Worker*, January 14, 1920. pg. 4.

real powers of society – the economic power - in the hands of the capitalist class.⁵⁴⁸

Parliaments, Craig said, were the “creatures of the ruling classes, whose interests they serve, and who use them to main supremacy.”⁵⁴⁹

The British political author and communist, Henry Brailsfrd, posed similar arguments in an interview published by the *Maoriland Worker* on 24 March 1920.⁵⁵⁰ Brailsford compared parliamentarism with the Soviet system and found parliament and electoral systems as lacking accountability and the ability to challenge the economic power structure of capital.⁵⁵¹ The Soviet system additionally removed the political alienation which workers experienced within parliamentarism. It provided workers with direct participation and control at a national level and workplace level.

[The] Soviet, unlike Parliament, had direct relations with the instruments of production. Besides relieving the orthodox chamber of jobs it could not do, it would stimulate the worker, whose own freedom depended on the functioning of the machine he created.⁵⁵²

As the communists observed, European and western nations were not the only nations which had radical electoral systems. The newly created Soviet Union had the *initiative* and the *recall*. They were integral clauses within the new Soviet constitution.⁵⁵³

The communists and the syndicalists were adamant that only direct workers’ control would ensure real worker democracy. Such a situation was in total opposition to the bourgeois concepts of universal suffrage, electoral reform and Parliament.⁵⁵⁴ Consequently, the reform of Parliament and capitalism through the implementation of more democratic systems of voting was pretence. No amount of constitutional reform could achieve the same amount of control as was exercised by ordinary people in the soviets or in industrial committees.

Labour’s response was to be critical of the ability of the Soviet system and the industrial democracy of the syndicalists to offer actual substantive and, importantly, democratic change.⁵⁵⁵ The NZLP hierarchy increasingly perceived the newly established Soviet Republic as dictatorial and undemocratic. It was noted that the USSR had achieved its political structure through political revolution; whereas, the NZLP adamantly opposed such methods and had consistently proposed constitutional means to achieve its objectives. Labour MP, John A Lee, steadfastly defended the Party’s constitutional agenda in one parliamentary debate by noting that;

[The] New Zealand Labour Party, to the best of my knowledge, is a constitutional party. I, in common with other members of the Party, fought an election constitutionally, was returned by an electorate in

⁵⁴⁸ Ibid. pg. 4

⁵⁴⁹ Ibid. pg. 4

⁵⁵⁰ W C Atkinson, “Parliament or Soviets. An Interview with H N Brailsford,” *Maoriland Worker*, March 24, 1920. pg. 5.

⁵⁵¹ Ibid. pg. 5.

⁵⁵² Ibid. pg. 5.

⁵⁵³ “The Russian Constitution,” *Maoriland Worker*, March 12, 1919. pg. 5.

⁵⁵⁴ “Soviets and Representative Democracy,” *Maoriland Worker*, November 3, 1920. pg.5.

⁵⁵⁵ *New Zealand Parliamentary Debates*, vol. 195. pg. 438.

New Zealand along constitutional lines, and have done my best along with my colleagues on these benches to adhere to the constitutional forms of this House and of the country, and where in any action of ours there can be any seen any menace toward constitutionalism I do not know.⁵⁵⁶

Although some Labour MPs, especially in the years after its 1919 election, appeared to endorse the radical concept of industrial democracy, telling workers that they needed to be ready to “take over the industries at the request of a Labour Government and run them.”⁵⁵⁷ This was never the official policy of the NZLP. Further, such comments tended to be tempered by statements relating to the NZLP’s on-going electoral progress. As Fraser informed a large audience in Wellington in the aftermath of the 1919 General Election, electoral participation had ensured a “mental revolution” in favour of Labour.⁵⁵⁸ The outcome of the election was that;

[A] landmark of progress had been achieved, and it must be maintained and extended by means of further education in regard to Labor ideals. There is no getting over the fact that at the recent election the Labor votes had increased.... this was an indication that a mental revolution was going on in the minds of the people of this country.⁵⁵⁹

The Withering of Electoral Reform

By the late 1920s the constitutional debate appears to have stalled and aside from McCombs, there appeared to be little appetite in the NZLP for constitutional or electoral reform. In 1930, the Constitutional platform of the Party was in the process of being revised. PR, in particular came under considerable pressure from within the Party. While there had been opposition to PR from some members previously, such as the Labour candidate, and after 1935 MP, C Morgan Williams, who echoed the earlier concerns of Payne, such individuals were in a minority. By 1929/30, it appears that this minority had become substantial enough to significantly challenge the policy and debate its purpose within the Party and its affiliated bodies.⁵⁶⁰ Consequently, remits were moved at every NZLP Annual Conference from 1930 onward to delete PR from Labour’s constitutional platform. In 1931 and 1932, PR’s opponents had some success when they managed to refer the policy to the NZLP’s National Executive for its consideration.⁵⁶¹ However, such action could not halt the demand to remove the policy completely and at the 1934 Conference, PR’s opponents had their victory and it was deleted from the Party’s constitutional platform.⁵⁶² While the *Recall*, *Initiative* and *Referenda* were retained there was no serious attempt to enact them after Labour became the Government in 1935. Subsequently, they were rendered impotent.

⁵⁵⁶ *New Zealand Parliamentary Debates*, vol. 206. pg. 422

⁵⁵⁷ P Fraser, “Future of Labor. Democratic Control of Industry,” *Maoriland Worker*, January 28, 1920. pg. 5.

⁵⁵⁸ *Ibid.* pg. 5.

⁵⁵⁹ *Ibid.* pg. 5.

⁵⁶⁰ “Proportional Representation. Great Debate at the Conference,” *New Zealand Worker*, April 30, 1930. pg.5.

⁵⁶¹ *Ibid.* pg.5 See also; “Labour Party Delegates Meet in Annual Conference,” *New Zealand Worker*, April 15, 1931. pg.1.

⁵⁶² “Voting System,” *The Press*, April 3, 1934. pg. 8.

The change of policy had a significant effect on the position and conduct of the Party, particularly at a local council level. Since its establishment, Labour had argued for PR at all levels of Government, local and national. Some municipal councils such as Christchurch, had, with Labour's support, implemented PR. Now the NZLP did an abrupt volte-face. NZLP city councillors, much to the delight of their opponents, were in the embarrassing position of arguing and voting against their own previous proposals and positions.⁵⁶³ In Christchurch, where the prominent Labour MP Dan Sullivan was Mayor and the Council had a NZLP-led majority, a special Council meeting was convened at which the voting system was subsequently returned to First Past the Post.⁵⁶⁴ Sullivan and his fellow Labour Councillors admitted that the change had occurred as a consequence of the NZLP Conference decision.⁵⁶⁵ The result was that in the following local body elections in 1935, Labour lost control of the council to the conservative Citizens and Ratepayers Ticket. As the *Christchurch Press* was quick to note in the aftermath of the election, a Labour-led council majority would have been retained if PR had been kept.⁵⁶⁶

The Rejection of Constitutional Reform: "Labour is not engaged in Speculative Matters"

There appear to be three principal reasons as to why the constitutional programme was rejected by Labour. Firstly, James McCombs had died in 1933. McCombs had been the principal proponent of Electoral Reform and, especially Proportional Representation within the Labour Party. It was McCombs who drafted and introduced the NZLP's many bills on electoral reform and had been responsible for the adoption of PR in Christchurch's municipal elections. Indeed, McCombs commitment to PR was such that in 1922, he effectively blackmailed the PLP into supporting what had been his own Private Members Bill (Proportional Representation and Effective Voting Bill (No.2)) on the matter.⁵⁶⁷ The *Christchurch Press* described McCombs as being the New Zealand authority on conducting elections.⁵⁶⁸ That his opinion of PR was respected by the Party is evident as when the deletion of PR from the NZLP platform was suggested in 1932, the debate was held over until McCombs could attend.⁵⁶⁹ There was no one of similar stature and authority regarding constitutional matters in the Party after his death

Secondly, the Party's primary focus changed. The NZLP became less concerned with constitutional issues and more concerned with economic and social problems. As the country's economic condition worsened after 1929, and into the 1930s, the NZLP focused predominantly on protecting conditions and diminishing the Depression's effects. Criticised by the National Party opposition in 1947 about its lack of action on constitutional matters during its time in Government, Labour's response was that there were more important matters to deal with in the 1930s than constitutional reform.⁵⁷⁰ As the (now) Labour Prime Minister Peter Fraser informed the House;

⁵⁶³ "Voting Systems. Giving Up Proportional Representation," *The Press*, May 7, 1934. pg.4.

⁵⁶⁴ *Ibid.* pg. 4.

⁵⁶⁵ "Change in Voting. Christchurch Decision," *Evening Post*, July 3, 1934. pg. 5.

⁵⁶⁶ "Hoist with Its Own Petard," *Evening Post*, May 9, 1935. pg.14

⁵⁶⁷ New Zealand Labour Party Caucus, "New Zealand Labour Party Caucus Minutes" (New Zealand Labour Party Parliamentary Caucus, October 11, 1922).

⁵⁶⁸ "The Press," April 3, 1934. pg. 8

⁵⁶⁹ "Proportional Representation. Great Debate at the Conference." pg. 5.

⁵⁷⁰ *New Zealand Parliamentary Debates*, vol. 277. pg. 211.

When Labour came into office there were seventy-five thousand unemployed and a hundred and fifty thousand people near starvation. Would anyone who was absolutely callous, deal with a matter of constitutional reform when the crying need was to provide food for the people?⁵⁷¹

The incoming Labour Government in 1935, Fraser informed the House, was not interested in “speculative matters” such as constitutional reform, but in the practical matters of providing employment, social security and economic security for the people.⁵⁷² In such a context, it mattered less as to how a Labour Government was elected, it was more important that a Labour Government was elected.

The final motive is largely speculative and has to do with the NZLP’s own agenda: whether that agenda was motivated by political self-interest or a desire to implement a progressive programme to alleviate the Depression. PR and the electoral reform offered by the Party would have prevented the election of a majority Labour Government and the implementation of a Labour programme. There appears to have been an increasing acknowledgement by the NZLP that a proportional system of representation could, and probably would, stop the party from achieving that political objective at a time when the party was convinced that it was most needed. As Labour had previously noted, PR was useful in ensuring the representation of the minority; now that Labour was in the position of the majority, it made the prospect of such reform unappetising.

The Parliamentary Road to Socialism and the NZLP Left-Wing Dilemma

Given that the NZLP’s attempt to establish socialism through constitutional reform had been rejected, why did the left of the Party not either take on the moderates in the NZLP or break away and form their own Party as had happened in other Western states? There appears to be several reasons which prevented this from occurring. Firstly, there was a party of the revolutionary left in New Zealand and that was the CPNZ and it failed to persuade workers that it was a viable option. Despite the coverage and encouragement that the USSR received from radicals in the NZLP, the CPNZ was a minority political force in New Zealand. As the previous Chapter demonstrated the CPNZ had not attracted a large proportion of workers to its ranks nor had it performed well at elections. Although, a number of left NZLP members did leave and join the CPNZ, there was no mass exodus of members.

Secondly, the NZLP, despite its faults, was the only mass party which had declared for socialism and had a socialistic programme. As shown in this Chapter and Chapter Four, the increase in Labour’s electorate vote from the 1919 election onward convinced a substantive proportion of the NZLP members and its leadership that a socialist programme could be achieved through constitutional methods. Instead of destructive revolutions, which workers were not inclined to support, the *Initiative, Recall, Referendum* and *Proportional Representation* would be the means by which capitalism and its instruments and agencies would be democratised. Such reform and democratisation was a practical means by which

⁵⁷¹ Ibid. pg. 211.

⁵⁷² Ibid. pg.211

the Labour Party would be able to pursue its wider objectives. As Savage observed, Labour had no time for lunatic schemes and revolutionary plotting.⁵⁷³

In lieu of the *Initiative, Recall, Referendum* and *PR*, left-wing NZLP members appear to have become convinced that socialism would be achieved through increased public ownership and control. This conviction was spelt out very clearly at a meeting of the Raetahi Branch of the NZLP in 1929;

The State is personified in the members of Parliament, and as the members of Parliament are the only representatives of the people, it will be seen that the slogan “the land for the people” will become a reality.⁵⁷⁴

If an industry or private concern was nationalised by a Labour Government (or even by a non-Labour Government) and taken into public ownership then it was deemed to have been ‘socialised.’ That such an opinion had credence within the ranks of the NZLP will be demonstrated in the next Chapter.

Conclusion: A Lack of Revolutionary Ardour

There was no attempt to revisit aspects of Labour’s former constitutional platform either following the Depression or in the aftermath of the Second World War. Confronted by the leader of the National Party opposition in 1947 about aspects of the Party’s former constitution policy of 1918, Fraser quipped that he did not know that the Leader of the Opposition, Sidney Holland, was an “antiquarian” or an “archaeologist.”⁵⁷⁵ Although, not opposed to discussing such matters, it is apparent that the Labour Government did not perceive them as a political necessity.

Yet, when they were first included in the Labour Party’s constitutional platform they were a necessity. At that time, the Party acknowledged that by providing popular democracy and self-government, they allowed a more complete version of democracy and socialism to be achieved. Although it was not a revolutionary party, in the conventional sense of the term, the Party was revolutionary in that it proposed to democratise political decision making.

The Party’s rejection of those constitutional and electoral programmes meant that Labour’s overall socialist vision became more restricted. The Party became more focused on nationalisation as a means by which its objectives would be achieved. Under its new vision, Labour would control the state which would operate the economy and implement policies on behalf of the people. Under such an agenda socialism would be achieved through the election of a Labour Government and the implementation of its programme. People could choose to join the Labour Party. Alternatively, they could be either nominated or elected as members on to the various Boards that Labour would establish to administer its new economy.

Such a vision fell well short of the original intent of Labour’s programme in this area. Essentially, Labour became no different to its international Social Democratic counterparts. It accepted that socialism or a progressive social democracy would be achieved through the

⁵⁷³ M Savage to W Nash, “Critical of Government,” NZLP Correspondence, (January 30, 1931).

⁵⁷⁴ Raetahi Branch NZLP, “Socialism in New Zealand. Some Steps to Be Taken,” *New Zealand Worker*, August 7, 1929. pg. 10.

⁵⁷⁵ Ibid. pg. 211.

election of a majority Labour Government, increased public control of industry and the economy, combined with universal social provision. If a person wanted such a society, then their options were limited to supporting the NZLP.

Chapter Eight: The Sugar Kings: A Tale of Sugar, Trade and ‘Profiteering Brigands’

Introduction: The Chelsea Sugar Refinery and the Colonial Sugar Refining Company

In 1924 the Labour Party was involved in a dispute about the future of the Chelsea Sugar refinery and the Government’s proposal to introduce a sugar duty. The Chelsea sugar matter, the actions of the refinery’s parent company, the Colonial Sugar Refining Company (CSRC) and the Reform Government demonstrated to the NZLP the predicaments that were inherent in the capitalist economic system. To the NZLP, the CSRC represented monopolistic behaviour and intimidating tactics which private firms excelled in under capitalism. Its behaviour was aided and abetted by the conservative Government which used its political dominance to ensure that the company’s interests (and profits) were maintained. The NZLP’s asserted that the matter could be resolved by the use of socialistic policy which would see the refinery taken into public ownership, trade restored and better economic practices put in place.

Although, the matter was resolved by the end of the same year, the ‘Chelsea Sugar’ incident is informative for several reasons. It clearly demonstrates, as the Labour Party maintained, the monopolistic tactics of the private owners and the Reform Government. However, it also demonstrated the problematic nature of Labour’s programmes at this time. This chapter will provide a basic examination of the Colonial Sugar Refinery issue and the proposed imposition of a protective duty. It will briefly examine the Labour party’s arguments against the imposition of a duty and its arguments for the nationalisation (state ownership) of the refinery. Subsequently, this will be used to discuss how Labour’s proposed solutions and policies reflected the Party’s overall programmatic and ideological approach in this period and how they demonstrated a structural weakness in the party’s policy and programme.

The Issue with the Colonial Sugar Refining Company

In 1923 the Reform Government wanted to end state control in the sugar market. However, it was consequently faced with a threat by the CSRC to shut its sugar refining factory which was based at Chelsea on Auckland’s Northshore. The Fiji and New Zealand Sugar Company (FNZSC), which operated the Chelsea refinery, was a subsidiary of the Australian based Colonial Sugar Refining Company, which had been established in 1855. Although it was Australian based, CSRC saw potential in New Zealand. Such potential was no doubt aided by the New Zealand Government announcing in 1882 that it would award a bounty to the first company which produced local sugar. A New Zealand subsidiary of the Company (New Zealand Sugar Company) was quickly established and the North Shore of Auckland was chosen as the place to build a refinery. This was due to the closeness of the port and its deep harbour, plentiful fresh water, land and timber. The name Chelsea was apparently chosen by the refinery’s first customs officer after his hometown in England.⁵⁷⁶

However, despite early hopes, the Refinery was not successful. Shortly after its establishment, the world sugar market collapsed and the New Zealand Sugar Company faced financial ruin. Subsequently, it was disestablished and re-amalgamated back into its parent company in 1888. In 1915, the CSRC partially re-established its New Zealand agency under a

⁵⁷⁶ The History of the Chelsea Sugar Refinery (<http://www.chelsea.co.nz/net/sugar-history/default.aspx>).

new moniker, the Fiji and New Zealand Sugar Company, which took back the operation of the Chelsea refineries.⁵⁷⁷ Fiscal stability for the refinery was provided by the war time financial measures of the Liberal-Reform 'National' Government. That Government introduced state control of the sugar supply to ensure the refinery's economic viability and its ability to maintain production. Under an arrangement reached between the Company and the Government, the State fixed a price for sugar and guaranteed the Company a monopoly in the New Zealand market.⁵⁷⁸

In 1923 the conservative Reform Government of William Massey proposed ending state control. It suggested that the sugar supply of the company be returned to pre-war conditions which meant that supply would be determined by the free market through free trade. As the Minister of Customs, Downie Stewart informed the House, such an action would allow sugar to be "... obtained by merchants and others from any source they liked for the purpose of supplying the wants of New Zealand".⁵⁷⁹

The issue became a political flashpoint for the Company and the politicians. After considering the matter in the relevant Select Committee, Parliament voted to end state control and instead impose a duty on imported sugar for one year to September 1924. During that time, the Government would consider what could be done to retain the industry when (or if) the duty was lifted.⁵⁸⁰ However, in May 1924 the Company, in an economic pre-emptive strike, informed the Government and Parliament that it was unable to meet the continued costs of refining and selling New Zealand sugar. Its directors asserted that the only solution to the problem that the Company found itself in was to further extend the duty on imported sugar, thereby enabling it to keep the Chelsea refinery open. Otherwise, the refinery would close, its employees would be laid off and the considerable economic benefits of the refinery to the local Auckland community and the wider economy would be lost.⁵⁸¹

The 1923 Parliamentary Debate: "The Biggest Octopus the Country has ever had"

The possible ending of state control and the imposition of a sugar duty in its stead had prompted animated discussion in Parliament when it had first been mooted in 1923. The Reform Government had decided that it was time that those controls and tariffs which had been introduced under war conditions were lifted and that pre-war economic conditions were returned. There remained concern, however, about the impact that such a decision might have on the supply of various goods such as sugar.⁵⁸² New Zealand was one of the world's largest users of sugar and any impediment to the sugar supply could have serious economic consequences.⁵⁸³ Subsequently, the issue of whether state control in this area should be maintained or lifted were discussed by Parliament's Industries and Commerce Committee. However, the Committee was unable to reach a decision. When its report was provided to

⁵⁷⁷ "A Record of Loot. The Enormous Profits in Sugar," *New Zealand Worker*, June 18, 1924. pg. 1.

⁵⁷⁸ *New Zealand Parliamentary Debates*, vol. 200. pg.1146.

⁵⁷⁹ *Ibid.* pg. 1136.

⁵⁸⁰ *Ibid.* pg.1148.

⁵⁸¹ *New Zealand Parliamentary Debates*, vol. 204. pg. 299.

⁵⁸² *New Zealand Parliamentary Debates*, vol. 200. pg.1136.

⁵⁸³ *Ibid.* pg. 1137.

Parliament, MPs were asked to choose between which of the two options put forward by the Committee were preferable – the retention of state control or the imposition of a duty.⁵⁸⁴

After taking advice from the CSRC, the Reform Government proposed that a duty of £180,000 per annum (or £2 18s. 4d. per ton) be imposed.⁵⁸⁵ The opposition Liberal party and the Labour party were both opposed to the extension of the duty on sugar. The opposition by the Liberal party to both options was principally due to its belief in Free Trade or a “free breakfast table” as one of their MPs was to describe it.⁵⁸⁶ Labour’s opposition to the select committees options was based around its belief in state ownership and, also its reluctance to support duties and tariffs for protecting private industries. In addition, both Parties were agreed that the CSRC was a monopolistic entity which was attempting to deceive Parliament and the public as to its financial situation and its motives. Statements by the Company’s representatives that any decision not to impose a duty might mean the closure of its Chelsea refinery and the subsequent redundancy of its workers, further incensed opposition MPs.

In a robust debate, Liberal and Labour MPs attacked the Government’s proposition that the CSRC would be severely financially disadvantaged if it was forced to return to its pre-war situation.⁵⁸⁷ Robert Masters, the Liberal MP for Stratford, described the CSRC as the “biggest octopus the country has ever had.”⁵⁸⁸ Holland produced figures for the House which had been collected from publicly available documents and media reports, to show that the Company had been extremely profitable before and since the war and held considerable financial reserves. Holland further alleged that it had paid its shareholders generous dividends through its own manipulation of its share prices.⁵⁸⁹ The *New Zealand Worker* later reported that the Company had first reduced its share price in 1920 (£20 to £16), and that the difference was given to shareholders as a bonus. It had then increased its shares back to £20 with the additional £4 in bonus stock being appropriated by the shareholders without paying an “extra farthing.”⁵⁹⁰ Even the £3,250,000 provided by the CSRC to establish the FNZSC was issued as a 6% bonus to shareholders. Despite the contention of the Company that it was losing money, Holland asserted that the CSRC had ensured that its shareholders had achieved a nice return on their investment;

In 1920 capital returned amounted to £650,000; in 1921, £1,625,00.
In 1921 cash bonus amounted to £203,125. At the present time, the
Fiji and Maoriland company is in the process of liquidation, but the
profits and reserves are not disclosed. The capital returned, however,
is £1,625,000 while the cash bonus from the Fiji liquidation is
£325,000, and the reserves capitalised £6,050,000.⁵⁹¹

Holland alleged that the Colonial Sugar Refining Company was misleading Parliament and the Dominion about its current financial situation;

⁵⁸⁴ Ibid. pg. 1138.

⁵⁸⁵ Ibid. pg. 1147.

⁵⁸⁶ Special Reporter, “On the Horns of Dilemma. Duty on Refined Sugar. Case of Chelsea Sugar Workers.,” *New Zealand Herald*, July 25, 1924. pg.7.

⁵⁸⁷ *New Zealand Parliamentary Debates*, vol. 200. pg. 1137.

⁵⁸⁸ Ibid. pg. 1152.

⁵⁸⁹ Ibid. pg. 1141.

⁵⁹⁰ “A Record of Loot.” pg.1.

⁵⁹¹ *New Zealand Parliamentary Debates*, vol. 200. pg.1141.

There is no company in Australasia that has so systematically lied about its position as the Colonial Sugar Refining Company has done. There is no concern in Australasia that has so repeatedly falsified its position as this concern has done.

The Government's limp response was that the Company's representatives appeared to be honourable men and that the options for the Company were limited.⁵⁹² Either state control was retained or a duty was imposed, or the Company would be faced with a considerable financial loss on its New Zealand operations which it could only resolve by shutting the refinery.⁵⁹³ Labour's speakers alleged however, that attempts to get the CSRC to prove its financial state in that regard had been stymied by the Company representatives who were refusing to present their books and records.⁵⁹⁴ Holland observed that as a result of its actions, the Government was allowing the CSRC to hold a whip over the New Zealand public and Parliament by asking for a duty;

Indeed, it is not a whip they hold, it is a pistol that, metaphorically speaking they are presenting at the head of the Government, just as any ancient highwayman presented his pistol while demanding money from his victim.⁵⁹⁵

Despite attempts by Labour to amend the motion, Parliament voted to impose a temporary duty for one year and then discuss the issue again at that point. In the interim, the matter was again sent back to the Industries and Commerce Committee for more discussion.⁵⁹⁶

The Threat: "Give us the Duty or We close Down"

While Labour's parliamentarians might have been satisfied to call the Company's bluff over the matter, Auckland's employers and the refinery's workers were not. They were adamant that the Company was sincere in its desire to shut the refinery if a duty was not granted. The subsequent granting of a duty allowed the Company to continue refining in the short term. However, this situation was brought to a close in 1924, when the Company informed the Government that it would halt production unless it got guaranteed protection in September. The CSRC alleged that the cost of refining sugar in Auckland was prohibitive due to the cost of production, landing costs and the high costs of labour. The alternative was to take advantage of the lower production and labour costs in Java and import sugar into New Zealand.⁵⁹⁷

The Secretary of the Auckland Chamber of Commerce informed the Minister of Finance, Downie Stewart, by telegram of the seriousness of the Company's intention. The Company had, the Secretary asserted, already stopped all new and non-urgent work. He stated that; "... 40 hands have already been discharged, and others have been definitely informed that

⁵⁹² Ibid. pg. 1143.

⁵⁹³ Ibid. pg. 1147.

⁵⁹⁴ Ibid. pg. 1160.

⁵⁹⁵ Ibid. pg. 1142.

⁵⁹⁶ Ibid. pg. 1177.

⁵⁹⁷ "The Sugar Duty," *New Zealand Herald*, July 24, 1924. pg.8. This was merely a restatement of what the CSRC had told the Industries and Commerce Select Committee a year earlier. *New Zealand Parliamentary Debates*, vol.200. pg. 1137.

the refinery will close unless the present duty is maintained".⁵⁹⁸ The President of the Chamber, A.A. Martin, was especially blunt, stating that unless the Company received the duty, the refinery would close.⁵⁹⁹

The Government and employers were already aware of the situation. On Saturday 24 May 1924, the *New Zealand Herald* had dutifully recorded a meeting of the men employed at the refinery to discuss what actions they could take in relation to the matter.⁶⁰⁰ Although the men had not been officially informed by the Company about a possible closure, the meeting was indirectly informed that the refinery was to close if the duty was not extended and a measure of protection given.⁶⁰¹ Workers were already aware that alterations and maintenance at the refinery had been halted and some men had been discharged.⁶⁰² Not surprisingly, fearful for their jobs, the workers who were present unanimously supported a motion regarding the need for a "sugar import protective duty". The meeting observed that "... that some measure of protection is absolutely necessary if the interests of the workers is taken into consideration".⁶⁰³ A committee of eight men was elected to bring the "workers' view before members of Parliament and others concerned."⁶⁰⁴

On 24 July 1924, the committee met with Massey to do just that. Massey, Downie Stewart (who was also present) and the workers discussed the duty, the benevolent nature of the Company, the possible loss of work to sweated 'black' labour in Java and the islands and, the position of the Labour Party over the issue.⁶⁰⁵ Massey was at his gregarious best during the meeting, offering the workers his "strong personal support" and sympathy.⁶⁰⁶ He emphasised the Government's concern about the loss of work and expressed confusion about the actions of the Labour Party, which appeared to have deserted those very men it professed to represent. Press reports held that Massey had informed the delegates that there needed to be a remedy to the situation. A solution was to be found, he averred, in providing the Government with a majority to pass the necessary measures of protection.

I think that it will be found in a majority in the House on this question ... it was a very close thing last session, only one or two votes, and according to hearsay there are one or two who voted for the resolution last year not inclined to vote for it again ... "What you have to do," continued Mr Massey, is convert some of those people you spoke about," referring to the action of the Labour Party.⁶⁰⁷

Lulled by Massey, the workers thanked him and left. The *New Zealand Herald* recorded that the arguments of the men "carry great weight" and they disposed of the arguments that have been repeated with "parrot-like monotony" by opponents of the duty.⁶⁰⁸

⁵⁹⁸ "The Threatened Closure. Not a Matter of Bluff.," *New Zealand Herald*, July 25, 1924. pg.7.

⁵⁹⁹ Ibid.

⁶⁰⁰ "Sugarworkers' Plight.," *New Zealand Herald*, May 26, 1924. pg.9.

⁶⁰¹ Ibid.pg.9.

⁶⁰² Ibid. pg.9.

⁶⁰³ Ibid. pg.9.

⁶⁰⁴ Ibid. pg.9.

⁶⁰⁵ Special Reporter, "Duty upon Sugar," *New Zealand Herald*, July 24, 1924. pg.12.

⁶⁰⁶ Ibid. pg.12.

⁶⁰⁷ Ibid. pg.12.

⁶⁰⁸ "The Sugar Duty." pg.12.

Labour: On the Horns of a Dilemma

The Chelsea Sugar issue placed Labour in a dilemma. On the one hand, it was opposed to the duty. Yet on the other hand, it was very opposed to 350 workers losing their jobs. The governing Reform Party made the most of the difficult position the NZLP found itself in. In Parliament and in the press, the Labour Party was criticised as lacking practical answers and only concerned with ideological attacks on the CSRC. Labour also found itself increasingly assailed about its lack of compassion for those very people it was supposed to represent. Speaking to reporters on the matter, Prime Minister Massey accused the Labour Party of being concerned solely with tactics;

In this particular case it is a matter of small moment that almost 400 men will be thrown out of work. Tactics are everything ... Labour is more concerned with the general question and less with the living of 400 men at Chelsea and their dependants.⁶⁰⁹

However, contrary to newspaper reports and Reform Party utterances, Labour was acutely aware of the situation regarding Chelsea refinery workers. Labour MPs and branches were in touch with them.⁶¹⁰ The party additionally took time to discredit some of the claims of the CSRC, the Government and their allies in the press who were alleging that the Company treated its workers generously and that they were well paid. The *New Zealand Worker* and Labour spokespeople noted that the Company had applied for an exemption from the arbitration awards so as to ensure that workers' wages were kept low. Additionally, workers at the plant were on the minimum allowed for under the Arbitration Court.⁶¹¹

Further, McCombs noted the discrepancy in the claims by the CSRC and the Government that £180,000 was to be used to simply pay the workers supposedly high wages. He observed that the amount asked by the CSRC would come to £514 per year per worker. Yet, the present yearly output of the plant was valued at £195,000 and the total yearly wages came to £90,000. McCombs commented that under the amount asked for by the company, workers would get their wages more than twice over.⁶¹²

On 24 July 1924, the Labour party caucus met with the Chelsea worker delegates to discuss the issue of wages and work. There was much discussion about sweated labour in the Islands compared with domestic labour.⁶¹³ It was as a consequence of this meeting that Labour eventually decided to support a duty, although at a lesser amount than that which the Government was proposing, if its own amendment in favour of state ownership and control failed.⁶¹⁴ The decision to support a duty no doubt grated with the Labour Party caucus, given the finances and behaviour of the Company. However, there was little recourse available to the Party given that 350 men were facing an almost uncertain future. As Holland was to remark later in Parliament;

⁶⁰⁹ Special Reporter, "Refined Sugar Duty. Tactics, Not Workers. Labour Party's Attitude," *New Zealand Herald*, July 23, 1924. pg. 10.

⁶¹⁰ "The Sugar Tariff. Position of the Workers.," *New Zealand Herald*, June 13, 1924. pg. 8. See also; New Zealand Labour Party Caucus, "New Zealand Labour Party Caucus Minutes" (New Zealand Labour Party Parliamentary Caucus, July 24, 1924).

⁶¹¹ *New Zealand Parliamentary Debates*, vol. 204. pg. 306.

⁶¹² *New Zealand Parliamentary Debates*, vol. 200. pg. 1153.

⁶¹³ New Zealand Labour Party Caucus, "New Zealand Labour Party Caucus Minutes," July 24, 1924.

⁶¹⁴ *Ibid.*

I would not be concerned about those working men if there was a Government on the Treasury benches that would say, "if these men are thrown out of employment we will put the responsibility on the country of maintaining them until they have work to go to."⁶¹⁵

Labour's Proposal: State Control

Labour's preferred solution to the issue was state ownership of the refinery. There appears to be two reasons behind its support of this policy. The first of these was doubtless as a rejoinder to the threat by the CSRC to close the works at Chelsea. As Fraser forcefully stated in parliament, the Government should tell the company that it would not agree to the company's terms and that it would "commandeer your works" and run them.⁶¹⁶ In response to questions as to where Labour would receive sugar supplies from, Labour spokespeople said that new supplies would be sourced from Java. This sugar would then be refined at Chelsea.⁶¹⁷

The second reason lay in the Labour Party's belief that those private monopolies which lay at the centre of the productive process should be in the hands of the Government, which would then control them on behalf of the people. It was obvious to the Party that the Colonial Sugar Refining Company was a perfect example of a private profiteering concern which was using its position to exploit both the Government and the people of New Zealand for its own private gain. Either its demands were met, Holland observed, or it would bring ruin upon the economy.

If you will not pay us tribute of £180,000 a year that we demand, we will close up the refinery, we will withhold sugar from the people of the country, we will destroy your jam factories, we will destroy your other industries in which sugar is necessary, and we will make you pay for having refused to bribe us with a duty of this kind.⁶¹⁸

A state-owned refinery would halt this type of exploitation from occurring. It would guarantee a supply of cheap sugar to the people as well as ensuring that workers at the refinery kept their jobs and their pay packets.

Labour's proposal was derided in Parliament by the Reform Party and in the pages of the conservative press. It did receive guarded support from the refinery workers, who stated to the Labour Party caucus that they would be happy with State ownership, but not State control. They were wary of the works being owned under the Reform government. This was because they feared that Reform would not provide them with the current terms and conditions which they received under Company ownership.⁶¹⁹

The 1924 Parliamentary Debate: "...The sugar industry does not commence nor end at Chelsea"

Unsurprisingly the Industries and Commerce Committee's report to Parliament in 1924 opted for protection of the sugar works. However, while it met the Company's demands in that

⁶¹⁵ *New Zealand Parliamentary Debates*, vol. 204. pg. 323.

⁶¹⁶ *New Zealand Parliamentary Debates*, vol. 200. pg. 1150.

⁶¹⁷ *Ibid.* pg. 1150.

⁶¹⁸ *Ibid.* pg. 1142.

⁶¹⁹ New Zealand Labour Party Caucus, "New Zealand Labour Party Caucus Minutes," July 24, 1924.

area, the Committee could not agree on as to the “amount of protection” which would be required. A motion was moved; “That the report do lie upon the table”.⁶²⁰ The intention was that Parliament would now decide on the level of protection or the amount of duty that the Company would receive. Fraser moved an amendment which provided for state ownership of the refinery and new negotiations with the Company based on that ownership.⁶²¹

Overall the discussion that occurred in 1924 was similar to that of the previous year. The difference was that this time the Liberal Party remained largely mute. Liberal leader Thomas Wilford repeated the Party’s opposition to the duty, its support of free trade and its decision to withdraw from the parliamentary debate on the issue.⁶²² The Party’s actions in this respect might be explained by its perilous political situation. While philosophically in favour of free trade, the Liberals were now fighting for their political lives. It is possible that they sensed that political catastrophe could overtake them if they publicly and strenuously opposed the duty, especially since they appeared to have no other alternative than to advocate for free trade. As Labour speakers noted during the debate, Liberal MPs, while wanting to oppose the Government’s policy, were not prepared to openly speak against the duty or openly speak in support of Labour’s proposals for the nationalisation of the sugar works. The Liberals had additionally decided that they were not going to support Labour’s lower duty proposal. Subsequently, Savage was moved to inform Parliament that the Liberals had not shouldered their responsibility in the matter.⁶²³ Chiding the Liberals he commented that, “... [apart] from a negative action, the Liberal Party have done nothing. They have suggested nothing”.⁶²⁴

The response from Liberal MPs was that the logical solution was to support “middle of the road” options.⁶²⁵ Labour’s solution, the Liberal MP Robert Masters informed the House, was as extreme as that of the Government.⁶²⁶ The situation became increasingly farcical for the Liberals when the parliamentary vote on the nationalisation option put forward by Labour was lost.⁶²⁷ Labour MPs wasted no time pointing out to the Liberals that they previously had supported Labour’s position of nationalisation as a sensible and “middle of the road” option. However, nine Liberal MPs had voted against the measure and in favour of the Government’s position. As Savage retorted to Masters, the vote meant that some members of the Liberal Party must have “...taken to the bush”.⁶²⁸

The loss of Labour’s nationalisation amendment saw the Government put forward its additional motion that a duty of £2 18s 4d per ton should be granted to the Colonial Sugar Refining Company.⁶²⁹ Labour’s response was to put forward an amendment that if a duty was to be imposed, it be paid at a lesser amount of £1 9s 6d.⁶³⁰ After more debate that amendment was lost as well. However, the Government’s proposed duty was accepted.⁶³¹

⁶²⁰ *New Zealand Parliamentary Debates*, vol. 204. pg. 298.

⁶²¹ *Ibid.* pg. 302.

⁶²² *Ibid.* pg. 302.

⁶²³ *Ibid.* pg. 319.

⁶²⁴ *Ibid.* pg. 319.

⁶²⁵ *Ibid.* pg. 314

⁶²⁶ *Ibid.* pg. 315

⁶²⁷ *Ibid.* pg. 310.

⁶²⁸ *Ibid.* pg. 319.

⁶²⁹ *Ibid.* pg. 312.

⁶³⁰ *Ibid.* pg. 312

⁶³¹ *Ibid.* pg. 341

There was a small measure of recompense for Labour as in both instances Liberal MPs voted with that Party against the Government, reducing its majority to three votes. But, as far as Parliament was concerned, the matter was over. The Government had granted a satisfactory duty to the Company which guaranteed its continued operation at Chelsea. As a *New Zealand Herald* editorial was to gleefully inform its readers a year later when a reduction in the price of sugar was announced;

The firmness of the Government, backed up by the wisdom of a majority in the House, kept this fatuous opposition (Labour) from having its way. The upshot has absolutely justified the action of the action of that majority. There is now the enjoyment of a cheapened commodity, side by side with the keeping of the employees in continuous work ... it is evident that there are occasions when the workers may well ask to be saved from their professed friends.⁶³²

So why was the Chelsea Sugar Incident important?

While Labour's opposition was seemingly based against the profiteering of the Colonial Sugar Refinery Company, the issue was really about the Party's wider economic and philosophical approach to capitalist industry. To the NZLP, the CSRC was the perfect model of a large private monopoly which threatened the Government, Parliament, the economy and ordinary people's livelihoods. Consequently, Labour was opposed to a tariff for the Company on two levels. The first was based on the simple economic rationale that the Company was actually wealthy and had no need for economic protection. As McCombs succulently stated, Labour was "... particularly objecting to ... the tremendous protection, the unwarranted amount of the protection that these people are asking for...".⁶³³

The second and principal reason that Labour was opposed to the CSRC was on philosophical grounds that the company was a *prima facie* model of capitalist economic greed. Consequently, the NZLP argued that nationalisation was a cure for that greed. Certainly, Downie Stewart's earlier chiding of the NZLP during a Customs debate in 1921 - that it had no position on the trade issue other than that any problem would be resolved if industry was nationalised was partially correct if seen from this perspective.⁶³⁴ However, such a perspective fails to fully articulate the Party's beliefs in this area.

Labour's Real Problem: Free Trade or Protectionism?

During the sugar duty issue, Massey had attempted to portray the Labour Party as being more interested in political tactics and political point scoring against the CSRC, rather than helping the Company's workers. Reform's implication was that Labour was so ideologically constrained that it ignored the practical and human costs of its programme. This belief was also shared and referred to by the refinery workers. At the May 1924 meeting of refinery workers, Labour's opposition to the protective duty was put down to it being committed to a policy of free trade.⁶³⁵ The accusation that the Party had an ideological commitment to free trade which meant that it was indifferent to the needs of the affected workers certainly

⁶³² "The Sugar Industry," *New Zealand Herald*, November 2, 1925. pg. 10.

⁶³³ *New Zealand Parliamentary Debates*, vol. 204. pg. 307.

⁶³⁴ *New Zealand Parliamentary Debates*, vol. 192. pg. 939

⁶³⁵ "Sugarworkers' Plight." pg. 9.

caused the Party some inconvenience. Yet, despite the allegations of Massey, the Labour party was decidedly ambiguous over the matter.

Labour found itself in a dilemma in relation to the issues of free trade and protectionism. Protective duties allowed the financial inefficiency inherent within the capitalist system to continue and caused workers to continue suffering economically. In 1921, during a debate regarding changes to New Zealand's customs schedules and preferences, Labour spoke against providing industry with protective tariffs using both reasons as support for its position.⁶³⁶ The Party's first argument against tariffs was that protectionism allowed inefficient capitalist firms the ability to continue to operate by taking money from the public purse.⁶³⁷ Boot making was a pertinent example of such an industry. New Zealand manufactured boots had high duties⁶³⁸ and yet, despite being protected by tariffs, boots remained expensive. Holland had earlier noted in a debate regarding the Government's Financial Statement that the Government intended putting a 45 per cent ad valorem duty on boots under the general tariff and yet this might not be enough for 'protective purposes.'⁶³⁹ As he lamented to the House over the issue; "... [this] is a leather-producing country, and yet, in the hands of private enterprise, New Zealand boots are amongst the dearest in the world".⁶⁴⁰

Labour's second contention was protection of these inefficient enterprises had the effect of lowering a workers' take home pay by charging high prices for protected goods. As Holland alleged;

Every time a tariff is imposed the price of the commodity affected goes up, and that represents a corresponding reduction in the actual wages of the workmen. It goes without saying that to reduce the purchasing-power of wages is to reduce the actual wages.⁶⁴¹

Holland drew attention to two particular duties which had this putative effect on workers' wages; tea and sugar.⁶⁴² He noted that the sugar produced in Fiji (by the Fiji and New Zealand Sugar Company) was let in free. But sugar from other countries carried a duty of 1/2d a pound.⁶⁴³ Labour MPs consequently described the protective tariff as an indirect tax which was being levied on workers. As with any indirect tax on a good or service, the capitalist could avoid payment through imposing a charge on the good or service which would then be paid by the consumer or the worker.⁶⁴⁴ There was no way that workers could avoid paying unless they did not purchase the good. This was not an option for workers who needed food, clothing and shelter.

During the debate over the Customs Amendment Bill in 1921, the Government admitted that many of its custom duties were exercises in revenue gathering. The motives behind the various changes to the tariffs were a means, as Massey explained to the House, by which to

⁶³⁶ *New Zealand Parliamentary Debates*, vol. 192. pg. 677

⁶³⁷ *Ibid.* pg. 677

⁶³⁸ *New Zealand Government, NZPD v.192.* pg. 194

⁶³⁹ *Ibid.* pg. 194

⁶⁴⁰ *Ibid.* pg. 194

⁶⁴¹ *Ibid.* pg. 932

⁶⁴² *Ibid.* pg. 932

⁶⁴³ *Ibid.* pg. 932

⁶⁴⁴ *Ibid.* pg.932

lower those taxes paid by income earners and land owners.⁶⁴⁵ In opposition to Massey's proposals, Labour argued that income tax should be graduated and increased on higher income earners so as to decrease the burden on the working class.⁶⁴⁶ As Holland remarked;

When it comes to revenue raising – and there is no question of protection involved – we should get the money from those who have the incomes and are able to pay. There is no sounder method of raising money than getting it from the people who have it, and not from the people whose small incomes are insufficient to enable them to live up to decent standards of comfort.⁶⁴⁷

While Labour's position could be perceived as supporting free trade, the New Zealand Labour Party was reasonably pragmatic when it came to the issue. This was apparent from Holland's remark in 1921, that while socialists were theoretically "Free-traders," the Party was supportive of neither option but would consider each separate issue on its merits.⁶⁴⁸ Holland restated this position again in 1927.⁶⁴⁹ It was this pragmatic attitude which eventually led the party to support the call for a protective duty on sugar in 1924 despite the inclinations of its MPs.

That the Refinery required a duty to ensure its monopolistic status also partially lay behind Labour's advocacy of nationalisation. Once the refinery was nationalised, the duty would no longer be required as it was only currently required by the company's private directors and shareholders as a means of maintaining their own profit. However, this conviction was contested by Reform parliamentarians and by workers at the refinery. As one worker, H Stewart, commented at the meeting for refinery workers;

... as a professed socialist and supporter of the Labour Party [my] first idea was that they should take any opportunity for pin-pricking trusts or combines. But there was no use biting off their noses to spite their faces. If the company were driven out of New Zealand, not only would, they have lost their jobs; but they would still have to fight trusts outside the country, which could not be controlled.⁶⁵⁰

Downie Stewart had made similar observations in response to Labour's assertions that a duty would not be required if the refinery was state owned. Stewart observed that not only would the state be responsible for the domestic costs of maintaining a refinery but, additionally, the refinery would still need to compete against other competitors with lower production and wage costs. Consequently, in order to ensure the refinery's economic viability, a duty would still be required.⁶⁵¹ It appears that these arguments did have some effect on the Labour caucus. When he was moving Labour's amendment seeking the nationalisation of the refinery, Fraser expressed his personal belief that such a move would render a tariff

⁶⁴⁵ *New Zealand Parliamentary Debates*, vol. 191. pg. 956.

⁶⁴⁶ *Ibid.* pg. 933.

⁶⁴⁷ *New Zealand Parliamentary Debates*, vol. 192. pgs. 552 - 553. Holland did make an exception to its pragmatic stance in two cases – tea and sugar. Labour was completely opposed to the tariff on both goods and of the actions of the Colonial Sugar Refining Company. In both cases it would oppose the protective tariff.

⁶⁴⁸ *Ibid.* pg. 930.

⁶⁴⁹ *New Zealand Parliamentary Debates*, vol. 214. pg. 709.

⁶⁵⁰ "The Sugar Tariff." pg. 8.

⁶⁵¹ *New Zealand Parliamentary Debates*, vol. 204. pg. 305.

unnecessary. He then proceeded to admit that such a duty might be needed and that he (and one would assume, Labour) “would be open to conviction on that point”.⁶⁵²

Labour and Nationalisation

Regardless of the duty and its implications, Labour supported the nationalisation of the Refinery due to its belief that state ownership of the means of production and distribution was economically and socially superior to private ownership. As discussed previously this belief formed a central part of the Party’s programme and had done so since its formation. The rationale given by Labour and democratic socialists generally about supporting state ownership was that private ownership was undemocratic and socially exclusive⁶⁵³ and, in addition, it was economically inefficient and ineffective.⁶⁵⁴ The solution to the disorder of the private market was the introduction of planned or scientific production overseen by the state. Such a method would ensure a more just and equitable means by which economic and social goods could be produced and then distributed.⁶⁵⁵

This latter point was consistently argued by the NZLP in parliamentary debates, meetings, articles and conversations. Labour constantly asserted that private firms promoted private greed and graft and that private markets were economically inefficient in terms of production and distribution of goods.⁶⁵⁶ From Labour’s perspective, the Colonial Sugar Refining Company was merely the latest representative of the fallacies which existed within the private enterprise system. The private ownership of the refinery had resulted in corruption, graft and despair due to it being a private concern under the directions of the CSRC directors and shareholders. Once the refinery was placed into public hands it could be managed responsibly. Labour justified such claims by comparing the various management efficiencies of state owned companies in New South Wales and similar privately owned concerns.⁶⁵⁷ Holland particularly noted that a number of such enterprises had been previously owned by private shareholders who had brought the firms to the brink of bankruptcy before the State had taken them over and put them on an economically stable footing.⁶⁵⁸ Labour speakers informed the House that the New South Wales Government owned a number of establishments including brick works, timber yards, clothing factories, trawlers, meat shops and a state bakery.⁶⁵⁹ All of these, it was claimed, were profitable enterprises. As Holland noted;

In almost every case they were showing profits, they were giving higher wages and comparably better conditions to the employees, and [they] were supplying the public at much lower rates than other concerns.⁶⁶⁰

⁶⁵² Ibid. pg.302.

⁶⁵³ *New Zealand Parliamentary Debates*, vol. 192. pg. 194

⁶⁵⁴ Ibid. pg. 411.

⁶⁵⁵ Ibid. pg. 411.

⁶⁵⁶ Ibid. pg.411

⁶⁵⁷ Ibid. pg. 634

⁶⁵⁸ Ibid. pgs. 637 – 638.

⁶⁵⁹ Ibid. pg. 194.

⁶⁶⁰ Ibid. pg. 194.

Given this evidence, Labour would have seen little wrong with the state assuming ownership of a sugar refinery.

Administration of State Agencies

Despite the pre-eminence which Labour gave to state ownership, existing state agencies were not perfect, a point which Labour speakers admitted. State departments could be as hostile and indifferent toward workers as private concerns. The NZLP contended that this was because the current administration of State run services was operated by capitalist governments in a capitalist system.⁶⁶¹ Existing state enterprises, such as the state coal mines, were criticised as lacking “sympathetic management”.⁶⁶²

How would Labour administer state departments to ensure that they would cater for the interests of workers while being economically efficient? A possible answer to this question might be provided in a dispute which involved the Amalgamated Society of Railway Servants and the New Zealand Railways Department. In early 1924, railway workers, distressed about low wages and poor conditions, threatened strike action.⁶⁶³ The strike lasted several weeks before being unexpectedly terminated in May.⁶⁶⁴ While the strike was limited to the railways, the general situation was perceived by Labour as being symptomatic of the conditions within the wider public sector. In a speech titled ‘The Crisis in the Public Service,’ Holland took issue with the wages and conditions of public servants and the crisis of management in the public sector and the Railway Department generally. Labour’s solution, Holland stated, was to improve wages and conditions and radically reform the governance of the Department. A board would be established to run the Department, comprising men of both “expert and practical” knowledge.⁶⁶⁵ Railway workers, through their own organisations, would elect their own representatives.⁶⁶⁶ As a result, Holland perceived a situation in which workers would be able to more fully participate in state organisations and departments, such as New Zealand Railways. Subsequently, he was “... confident that such a system would result in a far greater degree of efficiency and would make for economy with penalising other railway workers or the users of the railways”.⁶⁶⁷

Nationalisation as a step toward Socialism

Despite the contention by conservatives and liberals, Labour did not perceive nationalisation and state ownership as socialism. It was, as Holland remarked during a debate about the customs duty, merely an inevitable part of the capitalist transition toward socialism.⁶⁶⁸ Holland informed Parliament during the debate on the Imprest Supply Bill (No.2) in 1921 that;

I want to make the point that the State ownership and control of industries is an inevitability in the transition from capitalist production

⁶⁶¹ Ibid. pg. 644. In response to conservative interjections on the matter of management of public enterprises Savage retorted that “There is nobody so insane as to say that every state enterprise under any kind of management is going to be successful.”

⁶⁶² *New Zealand Parliamentary Debates*, vol. 191. pg. 312.

⁶⁶³ “The Railway Crisis,” *New Zealand Worker*, April 23, 1924. pg.1.

⁶⁶⁴ “The Railway Crisis. Strike Called Off Unexpectedly,” *New Zealand Worker*, May 17, 1924. pg. 3.

⁶⁶⁵ “Crisis in the Public Service,” *New Zealand Worker*, May 14, 1924. pg. 5.

⁶⁶⁶ Ibid. pg.5.

⁶⁶⁷ Ibid. pg.5.

⁶⁶⁸ *New Zealand Parliamentary Debates*, vol. 191. pg. 191

to socialist production. It does not matter whether this House is in favour of it or not, sooner or later that development must take place; the very stress of economic circumstances will force us in that direction, just as we were forced in that direction for our own protection throughout the war period.⁶⁶⁹

As has been previously mentioned, to the NZLP state ownership was socialist as it removed individualistic private ownership and provided an element of collective democratic control over institutions. Such control would be exercised through both parliamentary regulation and prescription as well as through the use of radically constituted and elected state boards who would administer the various state departments and agencies. Labour alleged that such a model also allowed for prudent economic management. However, as the situation of the Chelsea Refinery proved, there were still a number of factors in Labour's statist solutions which were unknown or uncertain. Fraser had been forced to concede such a point in the sugar debate in 1924, when he did not rule out the use of a tariff if the refinery was nationalised to ensure it remaining profitable. Consequently, the Party's position regarding nationalisation can be perceived as both a means of progressing toward socialism and also as a means for the Party to avoid various economic issues within the existing capitalist economy. As, despite the brave comments about state boards and worker representation, the Party still had no definitive programme as to how a Labour government would operate state owned firms if it was elected.

Conclusion: The Withering of Socialism

The debate over the Chelsea Sugar Refinery should not be seen merely as a simple and prolonged parliamentary argument over a mere protective duty or tariff. It went much further than that. The Chelsea Refinery debate offers a window on the Labour Party's position and attitude toward state ownership, protectionism, worker employment and its relationship with and perception of, capitalism in the early and mid-1920s. For the Labour Party, the Refinery was amongst the first of many other similar issues with which it was confronted. Each new issue meant that the Party had to develop more sophisticated methods and programmes to respond to them. The Labour party needed to develop a cohesive 'socialist' economic policy which a future Labour government would implement.

The Party's own economic development meant that it could no longer placate both sides in the free trade and protectionist debate. The Labour Party had established a Trade Committee to examine the issue of trade and it reported back at the 1928 Labour Party Conference. The Committee was of the opinion that trade should be managed and that duties and tariffs had a role to play in domestic economic development. However, it also proposed that the Party should be opposed to those tariffs and duties when used as revenue gathering entities.⁶⁷⁰

⁶⁶⁹ *New Zealand Parliamentary Debates*, vol. 192. pg. 643.

⁶⁷⁰ New Zealand Labour Party, "Report of the Tariff Committee," Conference Report (Wellington, New Zealand: New Zealand Labour Party, 1928). Holland presented the Report which noted that; "The New Zealand Labour Party does not regard either Free Trade or Protection as the means of solving the economic problem with which the primary and secondary producers of New Zealand are confronted. [Therefore the Party was] ...pledged to increase death duties and the taxes on the larger estates and the higher incomes, with corresponding reductions in customs taxation, making for the complete abolition of all custom taxes on commodities which are necessary and which cannot economically be produced in New Zealand. Such industries as are natural to the Dominion will be fostered with adequate safeguards against monopoly prices and ensuring a sufficiency of supplies.

Such a position was in line with Holland's earlier 1921 statements on the issue. Both the Report and Holland's introductory statements to it dispelled any lingering belief that the Labour Party was an advocate for free trade.

In the late 1920s and early 1930s, Labour's managed trade positions became an integral part of its developing economic agenda. The Party began to promote reciprocal trade agreements, principally with the United Kingdom, but with other countries as necessary. Reciprocal trade agreements underwrote Labour's new policy of guaranteed prices and the Party's emphasis on industrial development. By pursuing reciprocal trade deals, Labour had moved from a position of pragmatism about trade to one of formally opting for a managed, protectionist, position - to protect New Zealand's economic situation. The Chelsea Sugar Refinery issue had been an important part of that policy development.

Further, the Party started to formulate more sophisticated positions on the issue of state ownership and control. Although state ownership remained a centrepiece of Labour's overall programme in the 1920s, the Chelsea case had proven that it was simplistic to suggest that state ownership in itself would resolve the problems of private ownership and production. As Massey and Downie Stewart had both observed to Holland, it was not enough to simply state that the Labour Party would nationalise industry as a whole-scale solution to economic and industrial problems. Although state ownership could remove the graft and individualistic profit motives nationalisation, could not, eliminate all the issues that plagued New Zealand production. This required a substantive and coherent economic programme being implemented as well. Labour's economic programme in the latter 1920s recognised that sentiment. As will be discussed in the next chapter, Labour increasingly discussed more elaborate economic strategies which it could implement when it was elected. In doing so, references to state ownership and socialism were slowly removed from Labour's economic and ideological narrative, and in its place was, what James McCombs described as, 'enlightened capitalism.'

Chapter Nine: Enlightened Capitalism: Labour's Economic Platform

Introduction

The latter 1920s and 1930s was a period of economic instability both nationally and internationally. The changing political and economic circumstances which occurred during this period prompted a significant political and economic re-alignment for the NZLP. While, previous chapters have described how the Party had changed its image as a consequence of various political and economic factors, such as electoral acceptability and advancement, the central objective of the Party – socialisation- remained intact. While the Party substantially modified its socialisation objective and its platform in the latter 1920s, as it adopted and developed more sophisticated economic programmes, it remained a socialist Party dedicated to the achievement of a socialist society.

This situation changed with the advent of economic depression in 1929/1930. The 1930s Depression caused the NZLP considerable ideological and economic distress with the Party becoming increasingly aware of its policy shortcomings. While Labour was opposed to conventional economic 'capitalist' strategies, the Party had no definitive comprehensive economic or social programme to replace them with. Consequently, there was a growing doubt as to whether Labour's platform could provide sustained economic and social relief if the Party was elected to Government. While the Party publicly railed against the excesses of capitalism, it was actively engaged on developing a programme to resolve the immediate economic crisis rather than develop a socialist alternative. Instead of socialism, the party became dedicated to achieving "enlightened capitalism".

Political Flux: New Zealand's Shifting Political Situation

The outcome of the 1928 election gave no Party an absolute majority in parliament. Consequently, the Labour Party decided to provide confidence and supply to the United Party (a reformed Liberal Party) on the basis that the Reform Party was a reactionary party with a reactionary programme.⁶⁷¹ However, the newly elected minority United Government was quickly perceived by Labour as an administration which appeared to be politically and economically inept.⁶⁷² Prime Minister Ward was known to be sick and his illness appeared to be reflective of the actions of the Government as a whole.⁶⁷³ The Government appeared helpless in the face of the economic catastrophe that was sweeping New Zealand and the rest of the World. It merely adopted punitive economic measures which cut government spending and wages to balance the budget and alleviate the crisis.⁶⁷⁴ Consequently, by 1930 while the Labour Party was still committed to providing the United Government with confidence and supply votes in the House of Representatives, by 1930 there was considerable enmity by the NZLP and its supporters towards it.⁶⁷⁵

⁶⁷¹ *New Zealand Parliamentary Debates*, vol. 220. pg. 47. See also: "The Primage Duty," *New Zealand Worker*, November 6, 1929. pg.np.

⁶⁷² "Can United Government Survive Next Session?," *New Zealand Worker*, March 12, 1930. pg.1

⁶⁷³ *Ibid.* pg.1.

⁶⁷⁴ "Mr Holland States's Labour's Position in the House. Party's Views of United and Reform," *New Zealand Worker*, August 6, 1930. pg. 7.

⁶⁷⁵ *Ibid.* pg.7.

Unemployment: Labour's Principal Area of Discontent

The new political relationship did not get off to a good start. One of the principal areas of discontent between the United Party administration and the NZLP was how to tackle unemployment. Employment had been a key issue for the NZLP since its formation and, in the first 1929 session of the new Parliament, Labour made unemployment the focus of its programme.⁶⁷⁶ During the debate over the Imprest Supply Bill, the Party made it clear to United that it wanted something done about the matter.⁶⁷⁷ Savage, the first Labour speaker in the debate, commented that the actions of the United Government had failed to 'come up to the mark' in resolving the problem of unemployment;

The Reform Government failed to come up to expectations when they had the Treasury benches, and analysing the position as it is today, one is entitled to say that it appears as if the United Government is following in its footsteps.⁶⁷⁸

The NZLP had been supportive of the idea of unemployment insurance which would be provided to unemployed workers to alleviate their economic distress.⁶⁷⁹ After 1928, the implementation of such insurance became top priority for the Party, with Labour pressing for its immediate introduction as the numbers of unemployment rose.⁶⁸⁰ United were consistently criticised by Labour MPs for failing to implement the policy and deliver on their election policies to create employment.⁶⁸¹

This led to heated and testy exchanges between the two parties in parliament. It also resulted in some reckless behaviour by Ward to deal with the increasing Labour criticisms. Taunted by Labour MP's over the employment issue, Ward promised that he would introduce programmes which would quickly solve the unemployment problem in New Zealand.⁶⁸² "I will undertake to say this. That in five weeks there will be no unemployment in New Zealand. I say that whole of the unemployed will be absorbed".⁶⁸³

A sceptical Holland pledged the "solid support and assistance" of the Labour Party and the Labour movement in helping Ward achieve this goal.⁶⁸⁴ However, the goal was never achieved. By the time that Ward died in July 1930, Labour was alleging that government inaction was starving unemployed people.⁶⁸⁵ Ward's replacement was George Forbes who did not inspire hope for the NZLP in this area. Forbes proved to have a single-minded

⁶⁷⁶ "Our Serious Problem," *New Zealand Worker*, July 3, 1929. pg. np.

⁶⁷⁷ *New Zealand Parliamentary Debates*, vol. 221. pg. 23.

⁶⁷⁸ *Ibid.* pg. 16

⁶⁷⁹ *New Zealand Parliamentary Debates*, vol. 217. pg.534.

⁶⁸⁰ "Delay as Usual. Unemployment Insurance. Labour Demands Legislation This Session," *New Zealand Worker*, September 18, 1929. pg.np. See also; New Zealand Government, *New Zealand Parliamentary Debates*, vol. 224 (Wellington, New Zealand: Government Printer, 1930). pg. 404.

⁶⁸¹ *New Zealand Parliamentary Debates*, vol. 227. pg.1014 – 1015

⁶⁸² "Prime Minister's Pledge to Labour Party," *New Zealand Worker*, October 2, 1929. pg. 1.

⁶⁸³ *Ibid.* pg. 1. Former Liberal leader Thomas Wilford attempted to clarify Ward's answer as meaning that Ward and the Government would 'break the back of unemployment.' Holland retorted that Wilford was attempting to 'misconstrue the Prime Minister's promise.'

⁶⁸⁴ *Ibid.* pg.1.

⁶⁸⁵ "Straight Talk on Unemployment.," *New Zealand Worker*, May 14, 1930.

dedication to cost cutting and retrenchment which translated to lower wages and more unemployed.⁶⁸⁶

Labour's Political Departure

By the beginning of 1931 Labour had wearied of supporting the United Party. The United Government was perceived by Labour as being unimaginative and of pursuing orthodox and restrictive economic practices.⁶⁸⁷ Its actions were delivering no tangible economic results and were causing harm to working people.⁶⁸⁸ Labour parliamentarians and publications openly mocked and criticised the United Government and its programmes. Increasingly United was forced to rely on the support of the Reform opposition to pass measures against an openly hostile Labour presence.⁶⁸⁹ The end of the political agreement between the two parties could not be long in coming.

In September 1931 the Government convened a parliamentary Economic Committee to discuss the worsening economic conditions and to seek a common economic direction.⁶⁹⁰ As Holland explained to the subsequent Labour Party Conference, in reality the Committee was pretence and the meeting was about forming a coalition 'National' Government:

Early in the proceedings of the Committee, efforts were made to secure an agreement for the postponement of the 1931 Elections and the formation of a National Government. The Labour members insisted that the Committee's business was to undertake economic investigation and not to enter upon political bargaining. When the Committee met the next morning, Mr Forbes issued an ultimatum to the effect that unless an agreement were [sic] at once made to postpone the elections and form a 'National' Government, he would not permit the Committee to proceed further with its work. Of course the Labour members refused Mr Forbes proposal and the Committee was peremptorily adjourned and not permitted to meet thereafter.⁶⁹¹

The Reform Party agreed to support United and the NZLP became the official Opposition. Gordon Coates, the Reform Party leader wrote to Reform Party members in September 1931 explaining the new political arrangement;

It should be made clear that the form of Government into which we have entered is an emergency arrangement for the purpose of meeting immediate difficulties and re-establishing upon a sound basis the finances of the State and the economic life of the Dominion.⁶⁹²

⁶⁸⁶ "Forbes Most Hopeless Prime Minister in Dominion's History," *New Zealand Worker*, April 13, 1932.

⁶⁸⁷ "Mr Holland States Labour's Position in the House. Party's Views of United and Reform."

⁶⁸⁸ *Ibid.*

⁶⁸⁹ "United and Reform Parties Are Both Against Labour," *New Zealand Worker*, November 5, 1930.

⁶⁹⁰ B Gustafson, *From the Cradle to the Grave. A Biography of Michael Joseph Savage* (Auckland, New Zealand: Reed Methuen, 1986). pg. 141..

⁶⁹¹ New Zealand Labour Party Caucus, "Parliamentary Labour Party Report" (New Zealand Labour Party, 1932).

⁶⁹² "Coates Issues a Soporific to Disgruntled Reformers," *New Zealand Worker*, October 7, 1931.

Now is the not the time for striking one's breast: Labour's Economic Crisis

Despite the reactionary nature of the Coalition programme, at least it had a programme. As William Barnard, the Labour MP for Napier, lamented to Nash;

... as the difficulties of New Zealand intensify one may find it necessary to say something about the general situation. I confess to considerable perplexity and see no clear light ahead. Our opponents aided by such visitors as Lord Barnby ... are putting forward definite proposals for the amelioration of the country.⁶⁹³

The principal issue for Labour was that it did not have a coherent or comprehensive economic platform to counter the Coalition programme.⁶⁹⁴ The clauses in the NZLP's policy platform had not substantially changed since the Party's formation in 1916. Much of the platform and the clauses committing the NZLP to the creation of a state bank, the introduction of graduated taxes, the extension of public ownership of national utilities, the 'national control' of the food supply of the people, state funded education and health care and, the key plank of 'jobs for all', had been inherited from its various predecessors. Aside from the contentious debate within the Party over its land policy in 1925 and 1926, alterations to the platform tended to be made gradually.⁶⁹⁵ This was a point which the Labour MP Henry Greathead "Rex" Mason, noted in his letter to Nash on the subject. Mason wrote that the NZLP platform never seemed, "... to get a general revision and consolidating. [It] has altered a word or two at a time. No notion is made of the events which bear on it."⁶⁹⁶

While there had been protracted debate and discussion on the Party's economic programme throughout the 1920s, there was a concern that the New Zealand Labour Party did not elaborate on how its platform might be practically implemented. The lack of substantial detailed policy was to cause MPs and the senior NZLP leadership to query if Labour was actually able to govern if it was elected.⁶⁹⁷ Dunedin South Labour MP Fred Jones observed in a letter to Nash, which he also related to Savage, that he had recently attended a large meeting in Dunedin, at which Holland spoke, but that Holland had been unable to say what Labour would do if it was elected to power.⁶⁹⁸

That Savage shared the anxieties of his fellow MPs in this matter is evident from letters which he wrote to Nash on the topic.⁶⁹⁹ Savage was frustrated with the lack of action from the Government, which merely repeated conservative appeals to economic sacrifice, retrenchment and fiscal rectitude. As he commented to Nash, he wanted to tell the Government to "do something, or get out."⁷⁰⁰ However, he was also aware of the comments from NZLP members and branches about imposing socialism or monetary reform as an alternative to the evils of capitalism.⁷⁰¹ Observing that Labour's platform lacked a practical

⁶⁹³ W Barnard to W Nash, "Labour's Lack of Solutions," NZLP Correspondence, (December 1, 1930).

⁶⁹⁴ Ibid.

⁶⁹⁵ H.G Mason, "New Zealand Labour Party Policy," NZLP Correspondence, (December 13, 1926).

⁶⁹⁶ Ibid.

⁶⁹⁷ W Jordan to W Nash, "State of NZLP Policy," NZLP Correspondence, (December 18, 1931).

⁶⁹⁸ F Jones to W Nash, "Holland's Meeting in Dunedin," NZLP Correspondence, (May 18, 1931).

⁶⁹⁹ Savage to Nash, "Critical of Government." See also; M Savage and W Nash, "Comments about Govt," February 20, 1931.

⁷⁰⁰ Savage to Nash, "Critical of Government."

⁷⁰¹ Savage and Nash, "Comments about Government".

thought out alternative, Savage remarked that; “Now is the not the time for striking one’s breast and repeating well-worn phrases. The present desperate situation demands well thought out proposals, and not too many of them”.⁷⁰²

The Development of Labour’s Enlightened Capitalist Economic Programme

Savage was well placed to make such an observation. Both Savage and McCombs, who was Labour’s other economic spokesperson in the 1920s, kept themselves abreast of changes in economic and business theories and practices.⁷⁰³ Their actions proved pivotal in ensuring that Labour began to develop an alternative economic strategy, which can be loosely defined as rational or enlightened capitalism. Certainly, McCombs’ financial speeches came to repeatedly accentuate the need to transform the system through the restoration of effective demand and productivity.

Speaking to the second reading of the Minimum Wage Bill in 1927, McCombs justified the economic reasoning for increasing wages by referring to a book by the economists William Trufant Foster and Willard Catching and the work of the Pollak Foundation for Economic Research. McCombs observed that Foster and Catching claimed;

... that sustained economic progress requires an increased flow of money to consumers ... the theory stresses again and again in page after page ... that if money is permitted to flow freely by removing restrictions the increased demand created will increase production.⁷⁰⁴

McCombs notes that the authors do not advocate socialism at all in their work. The book “...claims only to be an exposition of enlightened capitalism”.⁷⁰⁵ Savage makes a similar argument later in the same debate observing that; “... the economic principle underlying the whole question brings us to the economic fact that the purchasing power of our own people must be the basis of our own prosperity...”.⁷⁰⁶

What both McCombs and Savage, and by default the Labour Party, were suggesting was that economic difficulties were the result of under-consumption. Under-consumption was a belief that the economy did not over produce products, rather that people under-consumed due to their lack of buying power. Policies which resulted in higher wages or salaries for working people would have the effect of lifting domestic demand by allowing people to buy goods that they normally would not be able to purchase. A flow-on effect of increased demand would be increased production and increased employment.⁷⁰⁷

McCombs and Savage became convinced that recessions were created because of under-consumption by workers. When the new Coalition Government moved to reduce public sector wages and salaries by ten percent as a cost saving measure in 1931, McCombs compared its actions to that of those of Henry Ford and even the conservative US President,

⁷⁰² M Savage to W Nash, “Comments about Government”.

⁷⁰³ Gustafson, *From the Cradle to the Grave. A Biography of Michael Joseph Savage*. pgs. 94 – 95

⁷⁰⁴ *New Zealand Parliamentary Debates*, vol. 213. pg.861. Although McCombs does not name the book, in all likelihood it is probably the *Road to Plenty* (1928) which had popular appeal. He also references it as being published after two of Foster and Catching’s previous books, *Money* (1925) and *Business without a Buyer* (1927).

⁷⁰⁵ Ibid. pg. 861.

⁷⁰⁶ Ibid. pg. 874.

⁷⁰⁷ *New Zealand Parliamentary Debates*, vol. 227. pg. 107.

Herbert Hoover. McCombs observed that Ford and Hoover had, "...agreed not to reduce wages during the present financial readjustments". However, Ford went further than Hoover, McCombs said, "... [he] said wages must go up. That was his solution".⁷⁰⁸

McCombs asserted that the answer to this issue was for Government to stimulate employment and consumption through maintaining or increasing wages to workers and by the use of state investment in public works to develop infrastructure.⁷⁰⁹ As Holland informed a rural audience, such works could be financed by the establishment of a state bank.⁷¹⁰ This would allow the Government to borrow money or raise loans at low rates of interest and through the introduction of a system of graduated taxation.⁷¹¹

Economic Faddism: Douglas Credit

Doubtless one of the schemes which Savage had in mind when he made the remark about Labour lacking well thought-out proposals was the flirtation that members of the Party were having with Douglas (Social) Credit. Douglas Credit was the creation of a former British Army Officer, "Major" Clifford Hugh Douglas.⁷¹² Douglas agreed with the notion of under-consumption. He believed that the cause of economic recessions and depressions were the result of a difference between consumption and production.⁷¹³

Douglas alleged that this difference or "gap" was the result of a lack of available credit and, that this was the consequence of the banks which created money and then loaned that money to borrowers at a rate of interest decided by the banks themselves.⁷¹⁴ The answer to this problem, Douglas observed, was very simple. The state would nationalize the banking system and create the required amount of credit which was necessary for people to spend.⁷¹⁵ This would allow people to consume what was being produced, effectively ending the Depression. Douglas encapsulated this idea in his 'A + B Theorem'. People would be directly supplied with the necessary credit directly through the receipt of a 'national dividend' administered by a National Credit Agency.⁷¹⁶

The appeal of Douglas Credit and its apparent similarity with elements of Labour's monetary programme led a number of Labour MPs in the early 1930s - such as John A Lee, Langstone, Lee Martin, and Mason to publicly support elements of Douglas Credit within the Party and at public forums.⁷¹⁷ Writing to Thorn, who had replaced Nash as Labour's General Secretary,

⁷⁰⁸ Ibid. pg. 107.

⁷⁰⁹ Ibid. pg. 175.

⁷¹⁰ "Land and Finance. Speech by Labour Leader."

⁷¹¹ Ibid.

⁷¹² W T Duggan, *Douglas Credit. Tell Me the Story Simply*, 2nd ed. (Adelaide, Australia: Douglas Credit Movement, 1936). pg. 14

⁷¹³ Ibid. pg.18.

⁷¹⁴ Ibid. pg.9.

⁷¹⁵ Ibid. pg.25.

⁷¹⁶ Ibid. pg. 30. See also; C H Douglas, *Money and the Price System* (Liverpool, England: KRP Publications, 1935). pgs. 1 – 17. This short booklet offers a short explanation of Douglas's theory. It is compiled from a speech that Douglas gave to the King of Norway, the British Minister and the President and members of the Oslo Merchant Club, February 14, 1935.

⁷¹⁷ "Questions Answered. Mr Mason at Titirangi," *Auckland Star*, November 11, 1935. Mason was a proponent of monetary reform with the parliamentary Party. Asked a question about the relationship between the programmes of the NZLP and Social Credit at a public meeting, a month prior to the 1935 General Election, he

Lee observed that; "It seems to me that the Douglas Credit supporters' criticism of the private control of the financial mechanism is identical with that of the Labour Party..."

Thorn replied that Labour's policy was "... certainly closer to them than that of any other Party."⁷¹⁸ Yet, while the NZLP was committed to using credit as a means by which to fund some of its programmes, it was not, as some of the Douglas Crediters tried to imply, a closet advocate for Douglas Credit and the A+B Theorem. This position was spelt out very clearly by Savage in 1935, prior to the General Election of that year.⁷¹⁹ Referring to the monetary policies of both organisations, Savage clarified the situation by stating that there was no agreement between either organisation regarding policy.⁷²⁰

The Douglas Credit Problem

Douglas Credit was of concern to Labour, because of its possible effects on rural voters as it had gathered a significant following amongst the farming community. Mason observed that Douglas Credit enthusiasm was going through his own electorate "like the plague."⁷²¹ The endorsement of Douglas Credit by the New Zealand Farmers Union (NZFU) and by the Country Party's sole MP, Harold Rushworth,⁷²² finally convinced the Labour Party that it needed to discuss and resolve the Douglas Credit issue. In 1932, there was a joint meeting between the Labour Party and the NZFU chaired by the leader of the New Zealand's Douglas Credit Association, Col. S.J.E. Closey.⁷²³

If the advocates of Douglas Credit had hoped that because of this meeting the NZLP would openly endorse Douglas Credit's brand of monetary reform, then they were to be disappointed. The meeting resolved that those people;

... who are engaged in productive employment and those who have registered themselves as willing to work, should be provided with the necessary money facilities to ensure an adequate standard of living. This resolution implies an increased return to the farmer, employed and unemployed and an increased payment to the workers.⁷²⁴

The only commitment that both sides agreed upon in relation to monetary reform was to prepare and present a petition to parliament which called for the "... public control of banking,

responded that, '... while there was no actual arrangement with the Douglas Social Credit Party, the Labour Party's programme would give effect to the aim of the Douglas Social Credit Party, namely, the control of currency and social credit.'

⁷¹⁸ J Thorn to J A Lee, "Douglas Credit," NZLP Correspondence, (June 13, 1933).

⁷¹⁹ "No Alliance. Labour's Position," *Auckland Star*, September 20, 1935. pg. 8. Allegations that there was a 'secret alliance' between Douglas Credit and the NZLP regarding Labour's monetary policy finally forced Savage to publicly refute the matter.

⁷²⁰ Ibid.

⁷²¹ W Jordan, "Douglas Credit," NZLP Correspondence, (July 11, 1933).

⁷²² "News of the Day. Currency Stabilisation," *Auckland Star*, July 7, 1932.

⁷²³ New Zealand Labour Party, "New Zealand Labour Party Executive Minutes" (New Zealand Labour Party, June 24, 1932).

⁷²⁴ Monetary Reform, September 15, 1932. This was a Symposium between Labour Party officials, (Jordan, Nash and Savage) and those of the Farmers Unions. The meeting chaired by SJE Closey. It was conducted at the Farmers Union Office in Auckland.

currency and credit.”⁷²⁵ This fitted nicely within Labour’s existing platform and committed it to nothing more than implementing those clauses when it was elected.

Doctors at the Sick Bed of Capitalism: The Great Depression and the Failure of Parliamentary Socialism

In 1931, western socialist and labour movements were faced with a dilemma. In theory, they wanted an end to capitalism and its replacement by socialism. But Social Democratic and Labour governments faced with that very prospect actually moved to help stabilise the system that they opposed. Indeed, all Governments, regardless, of whether they were conservative, liberal or socialist, adopted similar economic techniques and perspectives and in the pre-1935 period. This approach meant a three-prong commitment to “... maintaining low inflation [“the soundness of money”], balancing the budget, and free trade [at least within the British Empire]”.⁷²⁶

The dichotomy between eliminating capitalism, but being responsible for its maintenance and continuance moved the German trade union leader, Fitz Tarnow to bemoan the situation at a German SDP Congress in 1931;

Are we standing at the sickbed of capitalism not only as doctors who wish to heal the patient, but also as prospective heirs who can’t wait for the end and would gladly help the process along with a little poison? ... We are damned, I think, to be doctors who seriously want to cure, and yet we have to maintain the feeling that we are heirs who wish to receive the entire legacy of the Capitalist system today rather than tomorrow. This double role, doctor and heir, is a damned difficult task.⁷²⁷

Despite the radical commitments of their platforms, which were largely ignored during this period, Social Democratic and Labour Parties proceeded to pursue and implement “responsible” economic measures which were little different from the conservative parties they opposed.⁷²⁸

However, economic discussion was more advanced in the NZLP than it was in many of its international Labour Party counterparts. Both the UK and Australian Labour Parties were in Government at this point of time and, had adopted classical economic programmes to deal with the effects of the Depression. Both parties rejected any alternative proposals to counter the economic crisis. This led to increasing disharmony within the parties as the Depression’s effects impoverished their working class supporters. In comparison, the New Zealand Labour Party was engaged in more studied examination of the various economic alternatives. Unlike, the UK Labour MP and Chancellor of the Exchequer, Philip Snowden, Savage, McCombs and, later, Nash were avid readers of economic literature. Further, they were not prepared to

⁷²⁵ Ibid.

⁷²⁶ B S Roper, *Prosperity for All? Economic, Social and Political Change in New Zealand* (Melbourne, Australia: Cengage Books, 2005). pg.123.

⁷²⁷ A Sturmthal, *The Tragedy of European Labour 1918 - 1939* (London, England: Victor Gollancz Ltd, 1944). pg. 71.

⁷²⁸ D Sasson, *One Hundred Years of Socialism* (New York, United States of America: The New Press, 1996). pgs. 48 - 59

reject ideas because they conflicted with existing economic orthodoxy.⁷²⁹ But, it would be a mistake to assume that as a consequence of their discussions and reading that they had formulated a coherent alternative economic programme for the party. The NZLP's economic policy remained a series of distinct economic platforms. There was no underlying, developed economic programme to bring it together.

However, this situation was rapidly changing. A series of counter arguments or proposals to deal with the economic crisis and additionally preserve labour and social democratic principles started to emerge in the early 1930s. These proposals tended to be more sophisticated models of the under-consumption theory, which had earlier entranced Savage and McCombs. The new theories had a common theme of deficit funding and the use of public financing as a means of lifting demand and effectively countering the cyclical nature of the Depression.

Labour's Economic Savours: Keynes and Ford

The British economist, John Maynard Keynes, was a prominent critic of classical economic programme. He was also a critic familiar to the NZLP's financial spokespeople.⁷³⁰ Keynes had written a number of economic texts and had previously been involved in providing advice to the UK Liberal Party and the UK Labour Government.⁷³¹ Growing ever more sceptical of the orthodox economic and political approach to the Depression's effects, Keynes increasingly advocated using the political and economic resources of the state to fund public works as a means of ensuring employment and lifting demand.⁷³² Keynes argued that such state spending could be achieved through deficit financing in the face of Depression. He increasingly inferred that government's use of balanced budgets and the adherence to the Gold Standard was anachronistic. This approach, Keynes argued, only aggravated the Depression by cutting demand and investment.⁷³³

Keynes's theories, although not widely publicly known at the time, did attract attention amongst labour and socialist politicians and thinkers. People within the NZLP recognised the virtues and advantages of Keynes' proposals. This is made clear in an article titled, "JM Keynes – the Economic Consequences of Ignoring Him" in the March 9 1932 edition of the *New Zealand Worker* by Lloyd Ross.⁷³⁴ Waxing lyrical about Keynes and his economic theories, Ross informs readers that;

⁷²⁹ R Skidelsky, *Politicians and the Slump. The Labour Government of 1929 - 31* (Harmondsworth, England: Pelican Books, 1970). pg. 86. Snowden was renowned for his conventional economic views. Skidelsky observes that; "His gift for clear and orderly exposition, however, hid from the Labour Party the uncreative nature of his economic thought. "To every outworn shibboleth of nineteenth century economics", Boothby has written," he clung with fanatic tenacity. Economy, Free Trade, Gold – these were the keynotes of his political philosophy; and deflation the path he trod with almost ghoulish enthusiasm".

⁷³⁰ Gustafson, *From the Cradle to the Grave. A Biography of Michael Joseph Savage*. pg. 146.

⁷³¹ Skidelsky, *Politicians and the Slump. The Labour Government of 1929 - 31*. pg. 67; See also. pg.157.

⁷³² Ibid. pgs. 229 – 242. Skidelsky offers a comprehensive account of the debates by the various economists brought together by MacDonald, in relation to alleviating the economic crisis in the United Kingdom. It was at this point that Keynes increasingly started to advocate the use of deficit spending and the use of public spending to combat the deepening Depression and the rising number of unemployed.

⁷³³ Ibid. pg. 382. Keynes only reluctantly broke with the Gold Standard. He remained a supporter until nearly the end. pg. 385.

⁷³⁴ L Ross, "JM Keynes. The Economic Consequences of Ignoring Him," *New Zealand Worker*, March 9, 1932. pg.

No one has a better right to discuss the unemployment problem than J M Keynes of Cambridge University, author of "The Economic Consequences of the Peace," for he has been right so often. Looking back over the events since the war, we find he has been correct in his prophecies, when statesmen, financiers, voters and many economists have been proven wrong.⁷³⁵

It was not only Keynes whom Labour appears to have become increasingly preoccupied with during this period. The *New Zealand Worker* had run a number of articles written by Ross about the US industrialist Henry Ford and the administration of his company.⁷³⁶ Henry Ford, who was hardly a convert to or advocate of socialism, was of the opinion that the conventional business approach of retrenchment was not the correct course to take given the perilous economic situation.⁷³⁷ In an interview which was printed in the 'Nation's Business' (USA) and later reported in the *New Zealand Worker*, Ford observed that;

The wisdom of paying high wages has been made apparent by the new value that is set out on home markets...For a long time, manufacturing countries sent their produce to outside markets and used their own people as production machinery. All that was required was to pay those people enough to keep body and soul together and work them 16 hours a day. Now these production people are the customers of industry. There is not enough trade in the wealthy classes to keep any industry running. Industry depends on the plain people entirely – the wage earners. They can buy only if they have money. They can only have money if they earn it.⁷³⁸

Ford argued that paying workers more, especially during a Recession, was good for business. Modern business, he concluded, needed to continue to invest in the economy during recessions. This meant increasing wages and production which would restore demand and economic prosperity.⁷³⁹ This was the practical foundation of "Enlightened Capitalism".

Labour's New Programme

Increasingly Labour's economic platform became more focussed on restoring domestic demand and productivity to all sectors of the New Zealand community. The Party had opposed the Coalition Government's decision to impose ten percent wage and salary cuts on public servants and to cut pensions and public expenditure.⁷⁴⁰ Labour's position in this matter was based not only on the immediate practical distress which such cuts caused people with

⁷³⁵ Ibid. pg. 4.

⁷³⁶ L Ross, "Henry Ford - A Study in Enlightened Capitalism. Henry Ford States His Case," *New Zealand Worker*, February 9, 1927. pg. 10. See also; L Ross, "Henry Ford - A Study in Enlightened Capitalism - The Ford Worker Replies," *New Zealand Worker*, February 16, 1927. pg. 10.

⁷³⁷ "Less Work and More Wages," *New Zealand Worker*, October 29, 1930. pg. 6.

⁷³⁸ Ibid. pg.6.

⁷³⁹ Ibid. pg.6

⁷⁴⁰ H E Holland, *Lest We Forget! The Wage and Salary Reductions and the Record of the Division Lists* (Wellington, New Zealand: New Zealand Labour Party, 1931). pg.4.

little real immediate economic purpose. But, because such reductions only further decreased purchasing power and, therefore prolonged and furthered the effects of the Depression.⁷⁴¹

The key policy requirement of Labour's new economic direction was the need to ensure a high level of domestic consumption and demand. In the 1931 Address in Reply speech, Nash outlined the Labour Party's commitment to undertake that task while simultaneously criticising the Government over the issue;

I know that the Government has a fairly difficult task to face. I know that that what it has to face is two major problems. The first is to arrest the decline in income by stimulating production and to eliminate waste in production and in marketing. The second problem is how to distribute that income in such a manner as to obtain a legitimate return for the various parties associated with production, primary and secondary production and distribution.⁷⁴²

Nash contended that the Government had continued to pursue policies which would "...curtail production and reduce consumption".⁷⁴³ Labour argued that the remedy to the Depression lay in the need to maintain a high level of consumption. This level of consumption would be achieved through minimum wages, internal marketing, the fostering of secondary, in addition to primary, industries and productive and development work, which utilised 'mechanical inventions' and the introduction of the 40 hour week.⁷⁴⁴

The Way Out of the Labyrinth: The NZLP's 1931 Election Platform

By 1931 the Party had condensed its statements in this area into a concise economic agenda which committed Labour to an expansionary proto-Keynesian programme. The programme formed part of Holland's Address in Reply Debate in that year.⁷⁴⁵ That address was subsequently reprinted as a pamphlet in 1932 titled, "The Way out of the Labyrinth". There were eight platform planks to the new programme and these were provided to voters at the 1931 Election campaign. Briefly, the programme proposed that an incoming Labour Government would legislate for the following provisions;

- Credit – The establishment of a Central Bank responsible for note issue and credit;
- Primary production – Planned production of Primary industry;
- Overseas marketing – Promotion of reciprocal trade agreements with Great Britain and other countries;
- Secondary Industries – Maximum support of secondary industries;
- Roading and Transport – Construction, maintenance and metalling of backblocks and other roads;
- Interest and Rent Charges – Reduction of interest and rent charges;
- Unemployment – Immediate provision of productive work to enable unemployed to earn sufficient to sustain themselves and

⁷⁴¹ *New Zealand Parliamentary Debates*, vol. 227. pg. 105.

⁷⁴² *Ibid.* pg. 139

⁷⁴³ *Ibid.* pg. 139.

⁷⁴⁴ "Leader of Opposition Opens Labour's Campaign," *New Zealand Worker*, November 11, 1931.

⁷⁴⁵ *New Zealand Parliamentary Debates*, vol. 228. pg. 452

their dependants, with ultimate transference to ordinary productive employment;

- Expansion of Industry – The call to all electors is for the expansion of industry, so that those at present unemployed may be once more absorbed industry, earn their own livings and make their own homes.⁷⁴⁶

While, the State still had a considerable role in the policy as a regulator of the economy, gone were the previous commitments to nationalisation.⁷⁴⁷

The State's other primary role was to ensure that the funding was available to maintain demand and consumption and production through active public works and development.⁷⁴⁸ Labour's platform placed importance on increasing and maintaining domestic demand through consistently high rates of employment, with rates of pay and conditions being determined by negotiation between employers and unions through a national system of arbitration.⁷⁴⁹

The Party attracted significant numbers at its election rallies at which candidates outlined Labour's new proposals. The *New Zealand Worker* reported that there was a "magnificent number" of attendees in the Wellington Town Hall to hear Holland open the NZLP's election campaign and some hundred listened to Holland's speech from outside.⁷⁵⁰ Labour's candidates thundered from their election stages that not only was the Government's policy leading to the poverty of New Zealanders, but it was bad economics. Labour alleged that the Coalition Government had the economic means at its disposal to alleviate the distress of the Depression, but it was in thrall to business and banking interests. Savage told the audience at his 1931 campaign launch in Auckland West that Labour's programme was the only means by which the Country could be economically restored;

Labour realises that the present hand-to-mouth policy cannot go on indefinitely-reproductive work must be found for all willing workers... Men and women must be got to work at permanent, reproductive employment, and that means organisation and money. The money can be raised within New Zealand. The existing banking laws give all the power that is necessary to enable industry to get going.⁷⁵¹

However, despite a vigorous campaign by the Party and an increased showing at the December Poll, Labour lost the election to the Coalition. Labour's overall seat total increased by 4 seats. The Party now had 24 MPs and had gained 35 percent of the vote an increase of 8 percent over the 1928 election results.⁷⁵² Despite the poll results Holland informed the

⁷⁴⁶ "Halt Must Be Called to Forbes-Coates Drift. Labour's Election Policy. The Expansion of Industry.," *New Zealand Worker*, November 18, 1931. pg.1.

⁷⁴⁷ "Leader of Opposition Opens Labour's Campaign," November 11, 1931. pg.1.

⁷⁴⁸ Ibid. pg.1.

⁷⁴⁹ Ibid. pg.1.

⁷⁵⁰ "Leader of Opposition Opens Labour's Campaign," *New Zealand Worker*, November 11, 1931. pg.1.

⁷⁵¹ "Industrial Revival Is the Aim of the Labour Party," *New Zealand Worker*, November 25, 1931. pg. 1.

⁷⁵² "The Labour Vote," *New Zealand Herald*, December 4, 1931. pg.12.

election night audience that Labour was now the alternative Government and it would be in power in less than three years.⁷⁵³

The nation's editorial writers celebrated the Party's defeat and emphasised that this defeat had saved New Zealand from Labour's reckless economic policy.⁷⁵⁴ The Christchurch Press informed its readers that:

The first thing to be said about yesterday's polling is that it securely re-established the Government in control of the Dominion's affairs and dispelled the danger of reckless finance and failing credit. The relief which will be felt throughout the country at this result, though it was never in any doubt, will be even greater than is suggested by the state of the Parties....⁷⁵⁵

Despite the assurances of the NZLP that its programme would work, Labour's proposals remained in the realms of economic theory. However, by the end of 1934 the NZLP had explicit and practical examples to refer to. In particular the Party could draw upon the success of two countries that had rejected classic economic prescriptions.⁷⁵⁶ In the United States, the New Deal had been in operation since 1933, and although it was not as comprehensive as Labour's programme it had, nonetheless, restored employment and demand to the US economy through its use of deficit financing and public works.⁷⁵⁷ In Sweden, the Swedish Social Democrats (SAP) had been in government since 1932. The SAP Government had introduced a comprehensive and expansionist programme which was designed to foster economic growth and productivity as a response to the Depression. The effects of its programme in reducing unemployment and promoting productivity and consumption were recognised by left parties outside of Sweden.⁷⁵⁸ By the time of the 1935 election, Labour Party candidates would refer to Sweden as offering a practical example of the beneficial effects of Labour's intended policy.⁷⁵⁹

Labour's Plan: Implementing Enlightened Capitalism

In 1935 the Party revealed an updated version of the "Labyrinth" for the upcoming election. The new Labour Party manifesto built on the previous policy and included most of the Party's existing 1931 platform. However, specific new clauses were included, such as the guaranteed price, health care, education and national superannuation.⁷⁶⁰

The new programme retained the Party's 1931 commitment to alleviate the immediate suffering of the majority of people by increasing their purchasing power. Economic distress would be resolved through creating employment through public investment. However, it was distinct from the previous platform in that social provision was a key policy;

⁷⁵³ "Labour's Position," *New Zealand Herald*, December 4, 1931. pg.15.

⁷⁵⁴ "Comments on Verdict. Mandate for Coalition," *New Zealand Herald*, December 4, 1931. pg.15.

⁷⁵⁵ "The General Election," *The Press*, December 3, 1931. pg.8.

⁷⁵⁶ "Swedish Elections. Labour's Victory Will Have a Profound Effect," *New Zealand Worker*, November 14, 1932. pg.1. See also: "Mr Holland at Akaroa," *The Press*, September 12, 1933. pg.10.

⁷⁵⁷ "Amazing Plan.," *Evening Post*, September 7, 1933. pg. 1.

⁷⁵⁸ E D Simon, *The Smaller Democracies* (London, England: Victor Gollancz Ltd, 1939). pgs. 57 – 61.

⁷⁵⁹ "Not a Novel Idea," *Auckland Star*, November 13, 1935. pg. 10.

⁷⁶⁰ New Zealand Labour Party, "Labour's Election Policy. Security and Prosperity for All" (New Zealand Labour Party, 1935). pgs. 5 -7.

The remedy is to provide incomes in return for service sufficient to ensure that every man and every woman can purchase for themselves and their dependents all the things necessary for a decent standard of living.⁷⁶¹

The inclusion of social security as a platform appears to have been based on both economic and humane reasons. Economically, the policy provided people with purchasing ability while they were unemployed or afflicted. Socially, it allowed people to retain their dignity and to be well kept having been “deprived of essentials for the past five years”.⁷⁶² Social security, education and health care, although included in past NZLP platforms, had not played a substantive part in the NZLP’s previous campaigns.

The policy also retained the previous platform of Government control over the financial sector. If Labour wanted to pursue its expansionist policies, then it needed to have control over aspects of the banking system.⁷⁶³ Prior to the 1935 Election, Savage had asked an audience in Invercargill whether private banking corporations should continue to have control of currency and credit or should the state assume control of the banking system. He noted that such control had occurred in Canada as a means of ensuring the financing of economic growth and stability.⁷⁶⁴ He affirmed that Labour’s intention was to nationalise the Reserve Bank, so as to ensure that the state would have control over its currency and access to credit. This would allow the Government to “finance economic growth and stability” without resorting to debt or borrowing.⁷⁶⁵ He also noted that private banks would be subjected to regulation, not nationalisation. Otherwise, they would continue to operate as they did previously.⁷⁶⁶ Savage later reiterated this point to the *New Zealand Herald* informing the paper’s readers that Labour had no immediate intention to impose legislative reform on banking institutions or their practices.⁷⁶⁷

The Party’s socialisation objective was not to be found in the new platform and there was no mention of it by the Party leadership. Nor did the platform, advocate nationalisation, aside from the creation of a state bank. As the *Christchurch Press* commented, “... [the] Labour programme, with the possible exception of a vague promise to make the Reserve Bank into a “national credit authority,” is not socialistic”.⁷⁶⁸

Instead, Labour’s policy was a mixture of idealism and pragmatic state-led intervention. Its primary purpose was to resolve issues within the capitalist economy and improve the conditions of workers and the poor. As Savage observed the day after Labour’s election victory in 1935;

I do not want to discuss capitalism, socialism or any other “ism’. There are problems waiting on our doormat and our aim must be to weld the policy of Labour into existing institutions and see that they

⁷⁶¹ Ibid. pg.5.

⁷⁶² Ibid. pg. 1.

⁷⁶³ Brown, *The Rise of New Zealand Labour. A History of the New Zealand Labour Party from 1916 - 1919*. pg. 163

⁷⁶⁴ “N/D Clipping,” *Southland News*, November 12, 1935. Pg. np.

⁷⁶⁵ Ibid. pg.np.

⁷⁶⁶ Ibid. pg.np.

⁷⁶⁷ “Labour’s Intentions,” *New Zealand Herald*, November 29, 1935. pg. 13.

⁷⁶⁸ “Three Programmes,” *The Press*, October 30, 1935. pg. 10.

function in a manner to meet all requirements. We will keep in touch with realities – we could not do otherwise – and in our efforts to shape the country's destiny we cannot do better than try to begin where Seddon's life labour ended.⁷⁶⁹

The Attainment of Enlightened Capitalism

The basis of the Labour 'revolution' in the 1930s was not its 1919 platform which advocated widespread nationalisation. Rather, it was one of ensuring effective demand and productivity. In the 1930s, the Labour Party and the First Labour Government set out not to replace the capitalist system, but rather to reform it – to make it economically and socially fairer to the mass of people through the implementation of a programme of social security.

NZLP Left criticism of the Party's new platform was that the programme failed to deal with the distribution aspect of a capitalist economy. As one of Labour's prominent left members, Lloyd Ross complained;

Distribution was the essential sphere to be tackled and that the direction of any socialisation was that of exchange. To the Socialist, this was an evasion of the root cause – capitalist ownership of the means of production.⁷⁷⁰

Ross observed that there was no justification for Labour's new policy in socialist philosophy or economics. He concluded that the economic problems could only be solved by the 'social control of production and distribution.'⁷⁷¹ However, in making such a statement Ross appears to have overlooked his own previous endorsement of Keynes, who had broadly recommended Labour's new strategy in his economic writing.

While Ross and the Party's left asserted that Labour had departed from its socialist ethos, they had overlooked the changes that the NZLP had undertaken in the 1920s to redefine its conception of socialisation and its corresponding programme. The simple reality was that the Party did not have a rigid route to socialism. This was apparent as early as 1920 when Fraser declared that;

It did not matter in what form a platform was constructed so long as it was in the proper direction and there was trust in its promoters ... Both Marx and Engels along with Lenin had indicated that their theories were not to be regarded as rigid dogma, but simply projecting a line of action for the general benefit of the working class.⁷⁷²

Such comments are a tacit acknowledgement that Labour reserved the right to develop alternative economic programmes if necessary and that the Party would not be held 'hostage' to a particular ideological theory or practice.

The debate over the Chelsea Sugar refinery in the previous chapter was a case in point. The Party modified its opposition to protective duties and trade as a consequence. It was forced to face up to the fact that its simple position of state ownership did not necessarily resolve

⁷⁶⁹ "Labour's Intentions." pg. 13.

⁷⁷⁰ Brown, *The Rise of New Zealand Labour. A History of the New Zealand Labour Party from 1916 - 1919.* pg 168

⁷⁷¹ Ibid. pgs. 168 – 169.

⁷⁷² "MW," August 11, 1920.

the issues of sugar production, supply and distribution. The Party had to move from its original position in order to protect workers' conditions and employment.

When Labour won the General Election in 1935, its policy was an extension of Fraser's earlier line of argument. Despite the scaremongering of the conservative press and politicians prior to the Election, Labour's election programme was only 'revolutionary' in the way it challenged existing economic orthodoxy. As an alternative to the market, it offered a more managed form of capitalism as a means of alleviating economic and social conditions and ensuring economic growth and stability. Capitalism still dominated the economy and private concerns still owned the means of production, distribution and exchange. In the aftermath of the Election, realising that they were still in control, the business or banking community, at least publicly, did not appear unduly worried. To them it was business as usual.⁷⁷³

⁷⁷³ "Gone Savage. No Real Cause to Fear.," *Evening Post*, November 30, 1930.

Chapter Ten: Conclusion: The Elusive Red Dawn

In 1920, Peter Fraser assured a mass meeting of Labour Party activists and supporters that the New Zealand Labour Party was as “extreme as any other socialist Party”.⁷⁷⁴ This thesis has set itself to explore the relationship between the New Zealand Labour Party and socialism in the early part of its political development. Of course, Fraser has not been alone in making such an assertion. The history of the Labour Party has seen similar claims as to its commitment to socialism emerge. There was an assertion amongst some of the Labour Left, which became common in the 1980s, that the Labour Party was a socialist party until the changes undertaken by the fourth Labour Government turned it into a capitalist organisation. This interpretation alleged that the Party had effectively been kidnapped and taken over, at which point it then proceeded to turn its back on its history and traditions. In the 1940s, after his expulsion from the Party and later in his books and public comments, John A Lee asserted that the NZLP had turned its back on socialism in the 1930s and that the Party was a Party of careerists and reformists.

Today the Labour movement is educated, it is respectable. Its supporters belong to the establishment both economically and in their religious affiliations. The Labour movement the world over in those days was mainly self-educated. Moreover to be known as a labour advocate did not aid in job hunting. Labour now is recruited in Parliament not from the ranks of the unadapted but from amongst school teachers, lawyers, journalists, small businessmen, and from the trade union secretary class.⁷⁷⁵

It might be perceived that the NZLP ceased to be a socialist party with the death of the militant socialist Harry Holland in 1933 and the ascension of the more moderate and avuncular Michael Joseph Savage to the Party’s leadership. For their part, the various extreme left groups, such as the anarchists, the syndicalists and the CPNZ had asserted as far back as the 1920s that the party was not socialist. To them, the NZLP was a capitalist instrument: the Party’s fundamental function was to deceive workers into supporting a more benign version of capitalism.

While the Labour Party lacked a single or ‘true’ definition of socialism, in comparison to its Communist or European counterparts, this did not mean that the NZLP was not a socialist party in the widest sense of the term. The objectives and the programmes of the Party was the result of the different socialist perspectives that resided within the labour movement. Socialism was a mixture of different progressive concepts such as romantic socialism, Christian socialism, progressive liberalism, labourism, Fabianism and diluted versions of Marxism. Some of these concepts were socialistic, in that they emerged from the socialist movement or were, as in the case of Marxism and Fabianism associated with it. Some of them were merely progressive or had emerged from other political ideologies, Christian socialism and radical liberalism, which had emerged from the Liberal Parties. Finally some, such as labourism, were the result of the practical concerns of the trade unions, which sought to directly influence the political agenda and gain improvements in terms and conditions for

⁷⁷⁴ “MW,” August 11, 1920. pg. 5.

⁷⁷⁵ Lee, *Simple on a Soapbox*. pg. 23.

their members. People or groups which subscribed to Labour Party 'socialism' could identify with one or more of these concepts. They did not necessarily need to accept all of them.

It was the variation and number of these different philosophical approaches within the Party which had the effect of ensuring that Labour was never an 'ideologically pure' party in New Zealand. It was never a convert to Marxism or Marxist thought, as were some of its European counterparts. This is reflected in the use of the name, 'Labour', which signified a Party which is broadly representative of the wide beliefs within the movement and its ability to embrace all workers, rather than the singular term, 'social democratic,' which was, at that period, commonly associated with radical Marxist thought. The New Zealand Labour Party was not alone in this conception and is one of the connections between the New Zealand, Australian and British Labour Parties and which differentiates them from their Social Democratic Party brethren in Europe.

The European social democratic parties emerged from more radical traditions. Many countries in Europe at the end of the nineteenth and even the early twentieth centuries were monarchies or had very limited democracies, and often had dictatorial overtones, such as Germany under Bismarck. Even France, which arguably launched the first modern republican democracy upon the world in 1789 under the concepts of "*liberté, égalité and fraternité*," saw the Republic succumb firstly to The Terror and, then to the Empire of Napoleon. Consequently, the trade union movement and working class and socialist groups which emerged in Europe tended to have more radical and militant characteristics than those of the United Kingdom and, later New Zealand, with the political philosophies of anarchism and communism vigorously contesting each other for control of the wider movement. Eventually, Marxism, or rather a variant of Marx's thought, emerged victorious and became the guiding objective of most of the European socialist parties. Subsequently, in Europe the notion of socialism became increasingly associated with the concept of radical working class democracy. As was discussed in Chapter two the notion of socialism and socialisation was perceived as a more inclusive and flexible concept by the New Zealand Labour Party. To the NZLP, socialisation could mean public ownership, co-operatism or workers control. In Europe, as was previously discussed, Social Democratic Parties adopted a strictly Marxist analysis in which workers control and ownership of the means of production, distribution and exchange was the means by which socialism could be achieved.

In the first chapters we discussed the completely different political situation between what existed in the United Kingdom and in some, of its Dominions, such as New Zealand and Australia. Democracy in the United Kingdom, although limited in scope, was perceived as being 'progressive' by European standards. At the beginning of the nineteenth century, the electoral franchise was limited to mostly wealthy, male landowners. But this changed as a result of both direct and indirect popular pressure. This pressure resulted in the passage of various electoral reform bills in the British parliament, which progressively enlarged the voting population. In New Zealand, a broad electoral franchise was achieved much more quickly, with universal electoral suffrage for men and women both Pakeha and Maori, being achieved by 1893. That enfranchisement affected the growth and direction of the labour and socialist movement, as it doubtless helped to blunt and, later, co-opt working class and socialist unrest.

The political labour movement in New Zealand was largely conservative. This was both a reflection of the political tendencies' resident within the larger population and the nature of New Zealand's political thought. The British historian, A.N. Wilson implies that socialism was unpopular amongst the working class in the nineteenth century.⁷⁷⁶ Although his observation was made in relation to the support received by socialists and the ILP in the United Kingdom, it was, nonetheless applicable to the New Zealand situation. The low votes received by candidates standing for the SP, the first Labour Party, the ULP and later the SDP before 1919, highlighted the suspicion in which socialism and its fellow travellers were held in the minds of workers. New Zealand politics was not directed by distinct ideological differences. What actually governed the practice of New Zealand politics was pragmatism. New Zealand had a state-centred approach because it was seen as the best pragmatic and comprehensive response to the difficulties of infrastructure creation in a newly developed nation.

The lack of a radical ideology is revealed in Labour's political formation. The Party evolved because of the failure of previous political organisations such as the Independent Political Labour Leagues, the first New Zealand Labour Party/United Labour Party, the New Zealand Socialist Party and, finally, the Social Democratic Party, to achieve a significant popular following. This was due to a number of factors such as the internal organisations of the Parties, the cohesiveness and dominance of the Liberal Party and the lack of support amongst the various labour organisations for separate labour parties. But, importantly, it was also a suspicion of, or hostility to, the concept of socialism amongst the wider population. Aside from the Socialist Party and, later the Social Democratic Party, Labour's predecessors were conservative organisations.

It is in this light that the nature of socialism adopted by the Labour Party was to be viewed and that terms such as the 'socialisation of the means of production, distribution and exchange' need to be examined. One cannot assume that because the New Zealand Labour Party accepted the object of 'socialisation,' it was, therefore a committed socialist party. Socialisation needs to be defined as a concept and the means by which it can be defined lies in the electoral platform of the New Zealand Labour Party and, in the writings and utterances of Labour's politicians and its official publications such as the *New Zealand Worker*.

The platform of the Labour Party and its definition of 'socialisation' was little more than an expanded version of new Liberalism. There was a commitment to more social provision in the form of increased pensions and benefits, a commitment to land taxes, and to a graduated taxation system. The Party dropped its controversial land policy, which had promoted the idea of state ownership, to endorse a more conventional policy which cemented into place the private ownership of land. The Party also advocated more state ownership of the financial area such as banks and of credit control, which would be directed through the creation and ownership of a state bank.

Socialism for European social democrats was a desire and commitment to increase the workers franchise into and over the private sector. European social democrats and socialists wanted workers control of industry and society. In comparison, Labour embraced parliamentarism. Its programmes would be achieved through parliamentary and constitutional reform. The *Initiative*, the *Referenda*, *Recall* and *Proportional Representation*,

⁷⁷⁶ A N Wilson, *The Victorians* (London, England: Arrow Books, 2002).pg. 581

combined with the abolition of the Legislative Council, would provide workers with democratic participation.

Given this rationale, the Labour Party's conversion to Keynesianism in the early 1930s is not unsurprising. As was discussed in the previous chapter, until the 1930s, the Labour Party did not have a coherent or comprehensive economic policy. The Party certainly had nothing which could deal with the economic slump which eventuated at the end of the 1920s and continued on through most of the most of the 1930s. It had a number of platform planks, and although these became more complex throughout the 1920s, there was no overall strategy as to how the New Zealand economy would function under a Labour Government.

Evidence of how an economy did function under a Labour administration had been provided with the elections of Labour or Labor administrations in the United Kingdom and at the state and federal levels in Australia. In both these countries, Labour tended to adopt a similar, yet slightly more comprehensive and state-led approach, to that followed by the Liberal or Conservative parties they replaced. Labour regimes placed greater emphasis on social provision than their Liberal and Conservative counterparts. When the British Labour Party finally formed a minority Government in 1923, Philip Snowden who became the new Chancellor of the Exchequer, was determined not to pursue alternative economic and fiscal policies which could cause economic unrest and uncertainty. Snowden's adherence to financial orthodoxy caused Churchill, who had previously held the position of Chancellor, to remark that the Snowden mind and the Treasury mind, "... embraced each other with the fervour of two long separated lizards".⁷⁷⁷

In Australia, Labor Governments at both a state and federal level remained committed to the pursuit and implementation of classical economic policy. Labor established the Commonwealth Bank of Australia and it extended state influence and provision in the economic and social sphere. But, it did so without largely upsetting established economic conventions. Thus, there was no real desire to depart from tried and trusted economic pathways and especially so in the aftermath of the 1929 economic collapse. Both the British Labour Party under MacDonald and the Australian Labor Party under Scullin had the misfortune to be in government when the Depression began, and they quickly adopted conventional classical economic policies and practices as a means of economic response. Consequently, Labour voters in the United Kingdom and Australia were subjected to Labour Governments preaching labour objectives and values while, at the same time, experiencing dramatically reduced state spending and programmes as a means to balance the budget. Wages and spending fell, unemployment and poverty increased and the British and Australian Labour parties suffered bitter splits and catastrophic election defeats. While Labour and Social Democratic parties might be able to analyse the various misfortunes of the capitalist system, few of them had a developed practical alternative to its various crises in the pre-Keynesian period.

As Skidelsky ruefully observes the 1929 – 1931 British Labour Government appeared to spend much of its time treading economic water and vainly hoping that socialism would come over the hill to rescue it;

⁷⁷⁷ Foote, *The Labour Party's Political Thought - A History*.pg.53.

Basically, it believed that socialism was the cure for poverty, of which unemployment was the most vivid manifestation. It thought in terms of the total solution: but socialism would clearly take a very long time, for it would not be established until the majority of people were ready for it. In the meantime, the Labour Party simply did not know what to do.⁷⁷⁸

The New Zealand Labour Party was no exception and if it had been elected into Government, as it had hoped in 1928, then it would have faced a similar economic situation to its sister Parties and probably shared a similar fate. Throughout the 1920s, Labour had developed and then refined its economic position. But, despite this, it remained a Party with no definite comprehensive policy, merely a number of economic policy platforms. Within the NZLP this lack of a comprehensive programme was acknowledged, and it caused the party's leadership increasing concern as the Depression wore on and the failure of conventional policies to resolve it became increasingly obvious. Consequently, Labour was left to develop its own alternatives. To this end, it flirted with monetary reform and the quackery of Social Credit, before finally adopting in 1931, a proto-Keynesian economic approach, similar to that adopted by the SAP in Sweden.

Keynesianism was certainly a radical departure from the existing classical economic policies of balanced budgets and fiscal retrenchment, which were being practised by the Forbes/Coates Nationalist Government and by most other Governments throughout the world. Instead, it advocated deficit spending and the greater use of credit as a means of increasing and maintaining domestic demand and overcoming the Depression. For its part, Keynesianism meant that the New Zealand Labour Party was finally able to present a comprehensive strategy to the New Zealand public. Further, it allowed the Party to have its "cake and eat it too." The basis of Keynesian economics was a central role for the State to undertake economic planning and direction, which was in line with Labour's state-centred economic platform. It had, as a central focus, a commitment to full employment, which had been a central part of Labour's platform since its formation, as a means to ensure domestic demand. It allowed Labour, as well, to further develop its policies of social provision which cumulated in the 1938 Social Security Act.

As we have discussed previously in Chapter Two and earlier in this conclusion, while Labour adopted the objective of socialism at its formation, it was an objective which was largely undefined. The Party had adopted ethical socialism. This approach was contrary to the Marxist approach of the European Social Democrats where capitalism and capitalists were rigidly defined as the "private owners of the means of production, distribution and exchange". From the ethical socialist perspective, socialism and capitalism were viewed for the most part as imprecise terms. Capitalism was often used as a byword for greed, graft and individualism. Socialism was perceived as the opposite. It promised a society which was governed collectively, in which people played an active role in the decision-making process. It was a society which espoused selflessness and virtue. Socialism, for the Labour Party, tended to reflect that flexible and imprecise description. Labour's vision of socialism was never a doctrinaire vision. It was always a reformist party, but it was never reformist in a Marxist sense, because it never adhered to Marxism as a guiding principle. It was never as extreme as

⁷⁷⁸Skidelsky, *Politicians and the Slump. The Labour Government of 1929 - 31.* pg. 433.

its European Social Democratic counterparts, as it was never guided by the same principles or beliefs.

Another way to look at the manner in which Labour perceived its relationship with Socialism is to examine its relationship to capitalism. At its formation in 1916, the NZLP argued that capitalism was responsible for the causes of poverty. In the late 1920s and 30s, in the aftermath of the 1929 Slump and the emergence of Depression, it argued that it was *unfettered* capitalism which was responsible. By 1935, the Party was not publicly referring to capitalism or socialism in its propaganda. Instead, its policies touted increased state-led development and regulation, industrialisation, guaranteed prices, full employment and greater social provision. Labour argued that the way out of the Depression was for people to have access to greater spending power and credit as a means of creating and maintaining domestic demand. Its public political lineage was not socialist, but liberal. The Party emphasised the progressive policies pursued and implemented by the Ballance and Seddon Liberal Governments and it placed itself alongside them. In his response to Nationalist criticism in 1938 that Labour was implementing socialist policy, Labour's leader, Michael Joseph Savage asserted that it was 'applied Christianity.'⁷⁷⁹

By 1949, when the Labour Government was defeated at the polls, New Zealand had undergone dramatic changes. Labour's 1919 platform had largely been implemented, except for the defence and land policies which were dropped, as were those dealing with electoral reform. As a consequence of Labour's policies and the Second World War, the state played a central role in economic policy. The Labour Government used the state to pursue economic and social objectives which would have been unlikely twenty years earlier. Yet, during its 14 years in government, capitalism remained in place, if now reformed, regulated and restrained. This new focus had prompted one of its principle opponents, Martin Nestor, who was the private secretary to National Leader Sidney Holland, to note in his book review on the role and history of the Canadian CCCP (Canadian Commonwealth Cooperative Party) in 1944, that;

.. after 9 years of Socialist Government, private enterprise is still paramount, nor does there appear to be any likelihood that within the near future, at any rate, State enterprise will operate in more than a fraction of our industrial life.⁷⁸⁰

Nestor's observations recognise that the NZLP had implemented a substantial change in New Zealand economic framework and in the nation's political direction. Further, in the intervening period, Labour's policy directions had also been accepted by the National Party in New Zealand and by other Labour, Social Democratic and Conservative Parties internationally. However, if we understand socialism as the "public ownership of the means of production, distribution and exchange", as it had increasingly come to be recognised by the NZLP, or as a transition phrase toward communism, then Labour in 1949 had failed to develop a pathway to a socialist society. On those rare occasions when Labour did speak of its socialist objective (which remained as the NZLP's objective until 1979), it was now associated with full employment, economic regulation and the welfare state. But, the Labour Party never really

⁷⁷⁹ Gustafson, *From the Cradle to the Grave. A Biography of Michael Joseph Savage*. pg 216

⁷⁸⁰ S G Holland, "Papers Relating to S.G. Holland" (Private Collection, National Library of New Zealand, ca 1941).

sought to implement such an objective to begin with, at least, not in the European sense of the term. Such a narrow vision of socialism was not part of Labour's political tradition. Its tradition and understanding of socialism was always much more inclusive and pragmatic and, therefore, inevitably more reactionary than progressive, up until Keynesianism gave its pragmatism a coherent forward-looking programme which distinguished the Party from its Conservative opponents.

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